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 25, 1997   Commission file number 1-10299

WOOLWORTH CORPORATION
(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.)

233 Broadway, New York, New York	10279-0003
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 553-2000

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 12 through 17 for Index of Exhibits.

Number of shares of Common Stock outstanding at April 1, 1997: 134,161,532

Aggregate market value of voting stock held by non-affiliates at April 1, 1997: $3,054,717,484*

* For purposes of this calculation only (a) all directors plus one executive officer of the Registrant are deemed to be affiliates of the Registrant and (b) shares deemed to be "held" by such persons at April 1, 1997, 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 25, 1997: Parts I, II and III.

2. The Registrant's definitive Proxy Statement to be dated May 5, 1997 (the "Proxy Statement") issued in connection with the annual meeting of shareholders: Part III.

PART I

ITEM 1. BUSINESS

GENERAL

Woolworth Corporation (the "Registrant"), incorporated under the laws of the State of New York in 1989, has origins dating back to 1879. The Registrant and its retail divisions operate a multinational retailing business selling a broad range of merchandise through 7,746 stores in the United States, Canada, Mexico, Germany, Austria, England, Belgium, Luxembourg, the Netherlands, France, Spain, Italy, Australia and Hong Kong.

The Registrant's retailing business is conducted through two major segments: Specialty and General Merchandise. The Specialty segment includes: the Athletic Group, the Northern Group, Specialty Footwear, and Other Specialty. The General Merchandise segment includes operations in: Germany, the United States, and other countries (Canada and Mexico). The financial information concerning industry segments required by Item 101(b) of Regulation S-K is set forth on page 25 of the Company's Annual Report to Shareholders ("Annual Report") for the fiscal year ended January 25,1997 and is incorporated herein by reference.

SPECIALTY SEGMENT

Athletic Group

The Athletic Group, the Registrant's largest and most profitable business, operates 3,394 stores in North America, Europe, Asia and Australia. In the United States, this division operates the Foot Locker businesses including: Foot Locker, Lady Foot Locker, Kids Foot Locker and World Foot Locker, as well as, Champs Sports and Going to the Game! Athletic Group stores totaling 2,914 are located primarily in regional malls throughout the United States. Additionally, it operates an apparel imprint/embroidery factory located in the United States.

The Registrant acquired Eastbay, Inc. ("Eastbay"), a direct marketer of athletic footwear, apparel, equipment and licensed private label products. The transaction, which was consummated on January 30, 1997, enables the Registrant to use Eastbay's established direct-mail distribution channels and athletic formats to expand their merchandise offerings and provide customer service differentiation from competing mall formats.

In Europe, there are 228 Foot Locker stores located in the Netherlands, Belgium, England, Germany, France, Italy, Spain and Luxembourg. In Canada, the division operates 188 Foot Locker and Champs Sports stores which are primarily located in regional malls. The division also operates 51 Foot Locker stores in Australia, 11 in Mexico and 2 in Hong Kong.

Northern Group

The Northern Group operates 760 stores in Canada and the United States. The Northern Group consists of Northern Reflections and Northern Traditions, offering casual and career apparel for women, Northern Getaway, offering children's casual apparel, and Northern Elements offering men's casual apparel.

Specialty Footwear

Specialty Footwear includes formats in the United States, Canada, Germany and Australia, the largest of which is the Kinney shoe store chain. This group operates 1,199 retail stores and 3 factories located in the United States which manufacture footwear.

Other Specialty

Other Specialty operates 1,379 stores. This group is comprised of non-footwear specialty chains in the United States and abroad. This includes After Thoughts, The San Francisco Music Box Company, and The Best of Times. After Thoughts offers moderately priced costume jewelry and accessories, The San Francisco Music Box Company features music boxes and gifts, and The Best of Times stores carry a large assortment of watches and clocks.

GENERAL MERCHANDISE SEGMENT

Germany

Through Retail Company of Germany, Inc., the Registrant operates 374 Woolworth general merchandise stores in Germany and Austria. They offer a wide variety of household and personal products.

United States

The Registrant operates 413 Woolworth general merchandise stores in the United States. These stores feature a broad range of staple household items at competitive prices. In addition, the division is a franchisee of the Burger King Corporation, with 26 restaurant locations in Woolworth stores.

Other

Woolworth Canada, Inc. operates 171 general merchandise stores in Canada through The Bargain! Shop chain, generating high volume/low margin sales of manufacturers' excess inventory.

Woolworth Mexicana, S.A. de C.V., operates 30 Woolworth general merchandise stores in Mexico.

OTHER INFORMATION

For additional information on format descriptions and number of stores, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 11 through 17 of the Annual Report which is incorporated herein by reference.

The Registrant has an overseas network of 11 buying offices in Asia. It also has a 25 percent interest in Kaufring Beteillgungs GbR, a cooperative purchasing company, which also operates retail department stores in Germany.

EMPLOYEES

The Registrant and its consolidated subsidiaries had approximately 82,000 full and part-time employees at January 25, 1997. It considers employee relations to be satisfactory.

SEASONALITY

The Registrant's retail businesses are highly seasonal in nature. Historically, the greatest proportion of sales and net income is generated in the fourth quarter and the lowest proportion of sales and net income is generated in the first quarter, reflecting seasonal buying patterns.

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 including purchases of athletic footwear and apparel from a major vendor, Nike, Inc., which supplied approximately 25 percent of the Registrant's merchandise purchases in 1996. The Registrant considers vendor relations to be satisfactory and does not rely to any degree upon a backlog of orders for future delivery in either its retailing or its manufacturing operations.

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 page 25 of the Annual Report. For a description of the formats contained in each business segment, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 11 through 17 of the Annual Report which is incorporated herein by reference.

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 26 million square feet, of which approximately 16 million square feet pertained to the General Merchandise segment and approximately 10 million square feet to Specialty operations, the majority of which is leased. These properties are located in the United States (60 percent), Europe (20 percent), and elsewhere (20 percent). The Registrant operated 10 distribution centers occupying an aggregate of 3.7 million square feet, the majority of which is leased. The Registrant also has an additional 7 distribution centers occupying 1.0 million square feet, the majority of which is leased and sublet. Of the 17 distribution centers, 11 are located in the United States, 2 are located in Europe and 4 in other countries. Included among the Registrant's owned properties is the landmark Woolworth Building in New York City in which its corporate headquarters and the executive offices of U.S. General Merchandise, Athletic Group, and Specialty Footwear are located. Additional information regarding the Registrant's and its consolidated subsidiaries' properties can be found in the Annual Report on page 26 under the section captioned "Property and Equipment, Net" and on page 28 under the section captioned "Leases," which pages are herein incorporated by reference.

ITEM 3. LEGAL PROCEEDINGS

Between March 30, 1994, and April 18, 1994, the Registrant and certain of its present and former directors and officers were named as defendants in lawsuits brought by certain shareholders claiming to represent classes of shareholders that purchased shares of the Registrant's common stock during different periods between January 1992 and March 1994.

These class action complaints purport to present claims under the federal securities and other laws and seek unspecified damages based on alleged misleading disclosures during the class periods.

On April 29, 1994, United States Senior District Judge Richard Owen entered an order consolidating 25 actions, purportedly brought as class actions, commenced against the Registrant and certain officers and directors of the Registrant in the United States District Court for the Southern District of New York, under the caption In re Woolworth Corporation Securities Class Action Litigation. Plaintiffs served an Amended and Consolidated Class Action Complaint, to which the defendants responded. On February 17, 1995, Judge Owen entered an order for certification of the action as a class action on behalf of all persons who purchased the Registrant's common stock or options on the Registrant's common stock from May 12, 1993 to March 29, 1994 inclusive, pursuant to a stipulation among the parties. On March 13, 1997, the parties' representatives engaged in a mediation proceeding with a view toward settling the issues in

dispute. As a result, the parties have agreed in principle to a settlement of the class action, subject to final documentation and the approval of the court. In the opinion of management, the settlement, if approved by the court, would not have a material adverse effect on the financial position, or results of operation of the Registrant.

Five separate state-court derivative actions filed in April 1994 were consolidated under the caption In re Woolworth Corporation Derivative Litigation and are now pending in the Supreme Court of the State of New York, County of New York. Plaintiffs served a Consolidated Complaint on behalf of the plaintiffs in these five actions together with the plaintiff in the former federal derivative action Sternberg v. Woolworth Corp., which has been dismissed. Defendants moved to dismiss the Consolidated Complaint, and on April 27, 1995, the court granted defendants' motion, with leave to the plaintiffs to replead. On June 7, 1995, plaintiffs served a Consolidated Amended Derivative Complaint. On June 27, 1995, defendants moved to dismiss the Consolidated Amended Derivative Complaint with prejudice. On April 10, 1996, the court granted defendants' motion with prejudice. Plaintiffs' have filed a notice of appeal from the dismissal to the Appellate Division, First Department, which appeal is now pending. There is one federal derivative action pending in the United States District Court for the Southern District of New York under the caption Rosenbaum v. Sells et al. There have been no material developments in this action. These actions are all at a preliminary stage of proceedings. Accordingly, the outcomes cannot be predicted with any degree of certainty. As a result, the Registrant cannot determine if the results of the litigation will have a material adverse effect on the financial position or results of operations of the Registrant.

During 1994, the staff of the SEC initiated an inquiry relating to the matters that were reviewed by the Special Committee of the Board of Directors as well as in connection with trading in the Registrant's securities by certain directors and officers of the Registrant. The SEC staff has advised that its inquiry should not be construed as an indication by the SEC or its staff that any violations of law have occurred. In the opinion of management, the result of the inquiry will not have a material adverse effect on the financial position or results of operations of the Registrant.

The information in this section on Legal Proceedings is current as of April 18, 1997.

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 25, 1997.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to Executive Officers of the Registrant, as of April 9, 1997, is set forth below:

Chairman of the Board and Chief Executive Officer	Roger N. Farah
President and Chief Operating Officer and Director	Dale W. Hilpert
Senior Vice President - Corporate Development	M. Jeffrey Branman
Senior Vice President - Real Estate	John E. DeWolf III
Senior Vice President - Human Resources	John F. Gillespie
Senior Vice President and Chief Financial Officer	Andrew P. Hines
Vice President, General Counsel and Secretary	Gary M. Bahler
Vice President and Treasurer	John H. Cannon
Vice President and Controller	Bruce L. Hartman

Roger N. Farah, age 44, has served as Chairman of the Board since December 15, 1994 and Chief Executive Officer since December 11, 1994. From July 1994 to October 1994, Mr. Farah served as President and Chief Operating Officer of R. H. Macy & Co., Inc. From June 1991 to July 1994, Mr. Farah served as the Chairman of the Board and Chief Executive Officer of Federated Merchandising Services, the central buying and product development arm of Federated Department Stores, Inc.

Dale W. Hilpert, age 54, has served as President and Chief Operating Officer since May 15, 1995. From January 1985 to April 1995, Mr. Hilpert served as Chairman of the Board and Chief Executive Officer of Payless ShoeSource, a division of The May Department Stores Company.

M. Jeffrey Branman, age 41, has served as Senior Vice President - Corporate Development since March 4, 1996. From August 1989 to March 4, 1996, Mr. Branman served as a Managing Director of Financo, Inc.

John E. DeWolf III, age 41, has served as Senior Vice President - Real Estate since March 11, 1996. From 1993 to February 1996, he was Senior Vice President - Property Development for The Disney Stores, Inc., a division of The Walt Disney Company. Mr. DeWolf served as Vice President - Real Estate Counsel of The Limited, Inc. from 1982 to 1993.

John F. Gillespie, age 49, has served as Senior Vice President - Human Resources since April 1, 1996. Mr. Gillespie served as Senior Vice President - Human Resources of Lever Brothers Company, a subsidiary of Unilever, from 1990 to March 1996.

Andrew P. Hines, age 57, has served as Senior Vice President and Chief Financial Officer since April 18, 1994. During 1993, Mr. Hines was a consultant to Pentland PLC in the United States. From 1989 to 1992, Mr. Hines served as Executive Vice President and Chief Financial Officer of adidas, USA.

Gary M. Bahler, age 45, has served as Vice President and General Counsel since February 1, 1993, and as Secretary since February 1, 1990. Mr. Bahler served as Deputy General Counsel from May 1, 1991 until February 1, 1993.

John H. Cannon, age 55, has served as Vice President and Treasurer since October 12, 1983.

Bruce L. Hartman, age 43, has served as Vice President and Controller since November 18, 1996. From March 1994 to October 1996, Mr. Hartman served as the Chief Financial Officer of Filene's, a division of the May Department Stores Company. Mr. Hartman served as Chief Financial Officer of Famous Barr from March 1993 to March 1994, and as Controller of Robinson's from September 1990 to March 1993, both of which are also divisions of The May Department Stores Company.

Except for Andrew P. Hines, all executive officers serve for terms expiring on August 13, 1997, and when their successors are elected and qualified. Mr. Hines will resign from his position effective April 30, 1997.

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

PART II

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

Information related to the market for the Registrant's common stock on pages 32 through 34 of the Annual Report under the sections captioned "Shareholder Rights Plan", "Stock Plans", "Restricted Stock", "Preferred 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 35 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 11 through 17 of the Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(a) Financial Statements

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

	Page(s) in Annual Report
Consolidated Statements of Operations - Years ended January 25, 1997, January 27, 1996 and January 28, 1995.	18
Consolidated Balance Sheets - January 25, 1997 and January 27, 1996.	19
Consolidated Statements of Shareholders' Equity Years ended January 25, 1997, January 27, 1996 and January 28, 1995.	20
Consolidated Statements of Cash Flows - Years ended January 25, 1997, January 27, 1996 and January 28, 1995.	21
Independent Auditors' Report	22
Notes to Consolidated Financial Statements	23 - 34

(b) Supplementary Data

Quarterly Results on page 34 of the Annual Report are 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 6 and 7.

(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; Indemnification Arrangements" 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 required financial statement information is set forth in Item 8 in this Annual Report on Form 10-K.

(a)(2) and (d) Financial Statement Schedules

No financial statement schedules have been presented since the required information is shown in the financial statements or Notes to Consolidated Financial Statements sections of the Annual Report.

Separate financial statements of the parent company have not been presented since all consolidated subsidiaries of the Registrant are wholly owned and have indebtedness, not

guaranteed by the parent company, in the aggregate of less than 5% of the Registrant's consolidated total assets.

Separate financial statements of subsidiaries less than 50 percent owned have not been presented since these subsidiaries, both individually and in the aggregate, do not constitute significant subsidiaries.

(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 12 through 17. 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 Form 8-K dated November 13, 1996 (date of earliest event reported), which reported the election of Bruce L. Hartman as Vice President and Controller of the Registrant, effective November 18, 1996. Mr. Hartman replaced John A. Wozniak, who resigned as Vice President and Controller of the Registrant as of the close of business on November 15, 1996.

The Registrant filed a Form 8-K dated December 2, 1996 (date of earliest event reported), which announced that a definitive agreement was signed whereby the Registrant would acquire Eastbay, a direct marketer of athletic footwear, apparel, equipment and licensed and private label products.

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.

WOOLWORTH CORPORATION

By: /s/ Roger N. Farah
Roger N. Farah
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 9, 1997, by the following persons on behalf of the Registrant and in the capacities indicated.

/s/ Roger N. Farah
Roger N. Farah
Chairman of the Board and
Chief Executive Officer

/s/ Jarobin Gilbert, Jr.
Jarobin Gilbert, Jr.
Director

/s/ Dale W. Hilpert
Dale W. Hilpert
President and
Chief Operating Officer

/s/ Purdy Crawford
Purdy Crawford
Director

/s/ Andrew P. Hines
Andrew P. Hines
Senior Vice President and
Chief Financial Officer

/s/ Margaret P. MacKimm
Margaret P. MacKimm
Director

/s/ Bruce L. Hartman
Bruce L. Hartman
Vice President and Controller
(Chief Accounting Officer)

/s/ John J. Mackowski
John J. Mackowski
Director

/s/ J. Carter Bacot
J. Carter Bacot
Director

/s/ James E. Preston
James E. Preston
Director

/s/ Helen Galland
Helen Galland
Director

/s/ Christopher A. Sinclair
Christopher A. Sinclair
Director

/s/ Philip H. Geier, Jr.
Philip H. Geier, Jr.
Director

WOOLWORTH CORPORATION
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(a) to the Registration Statement on Form S-4 filed by the Registrant with the Securities and Exchange Commission ("SEC") on May 9, 1989 (Registration No. 33-28469) (the "S-4 Registration Statement").
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 (incorporated herein by reference to Exhibit 3(b) 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")) and (b) July 24, 1990 (incorporated herein by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarterly period ended July 28, 1990, filed by the Registrant with the SEC on September 7,1990 (the "July 28, 1990 Form 10-Q")).
3(ii)	By-laws of the Registrant, as amended (incorporated herein by reference to Exhibit 3(ii) 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")).
4(a)	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) Exhibit 3(a) to the S-4 Registration Statement, (b) Exhibit 3(b) to the 8-B Registration Statement and (c) Exhibit 4(a) to the July 28, 1990 Form 10-Q).

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* Not applicable

4(b)	Rights Agreement dated as of April 4, 1988, as amended January 11, 1989, between F.W. Woolworth Co. ("FWW") and Morgan Shareholder Services Trust Company (now, First Chicago Trust Company of New York), as Rights Agent (incorporated herein by reference to (a) Exhibit 1 to the Registration Statement on Form 8-A filed by FWW with the SEC on April 12, 1988 (Registration No. 1-238) and (b) the Form 8 Amendment to such Form 8-A filed by FWW with the SEC on January 13, 1989). The rights and obligations of FWW under said Rights Agreement were assumed by the Registrant pursuant to an Agreement and Plan of Share Exchange dated as of May 4, 1989, by and between FWW and the Registrant (incorporated herein by reference to Exhibit 2 to the S-4 Registration Statement).
4(c)	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(d)	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(e)	Form of 8 1/2% Debentures due 2022 (incorporated herein by reference to Exhibit 4 to Registrant's Form 8-K dated January 16, 1992).
4(f)	Purchase Agreement dated June 1, 1995 and Form of 7% Notes due 2000 (incorporated herein by reference to Exhibits 1 and 4, respectively, to Registrant's Form 8-K dated June 7, 1995).
4(g)	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 Registrant's Form 8-K dated July 13, 1995).
5	*
8	*
9	*
10(a)	1986 Woolworth Stock Option Plan (incorporated herein by reference to Exhibit 10(b) to the Registrant's 1994 10-K).

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* Not applicable

10(b)	Amendment to the 1986 Woolworth 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(c)	Woolworth Corporation 1995 Stock Option and Award Plan (incorporated herein by reference to Exhibit 10(p) to the 1994 10-K).
10(d)	Executive Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10(d) to the 8-B Registration Statement).
10(d)(i)	Amendments to the Executive Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10(c)(i) to the 1994 10-K).
10(d)(ii)	Amendment to the Executive Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10(d)(ii) to the 1995 10-K)
10(e)	Supplemental Executive Retirement Plan (incorporated herein by reference to Exhibit 10(e) to the 1995 10-K)
10(f)	Long-Term Incentive Compensation Plan, as amended and restated (incorporated herein by reference to Exhibit 10(f) to the 1995 10-K)
10(g)	Annual Incentive Compensation Plan, as amended and restated (incorporated herein by reference to Exhibit 10(g) to the 1995 10-K)
10(h)	Form of indemnification agreement, as amended (incorporated herein by reference to Exhibit 10(g) to the 8-B Registration Statement).
10(i)	Woolworth Corporation Voluntary Deferred Compensation Plan (incorporated herein by reference to Exhibit 10(i) to the 1995 10-K)
10(j)	Trust agreement dated as of November 12, 1987, between FWW 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(k)	Woolworth Corporation Directors' Retirement Plan, as amended (incorporated herein by reference to Exhibit 10(k) to the 8-B Registration Statement).

10(k)(i)	Amendments to the Woolworth Corporation Directors' Retirement Plan (incorporated herein by reference to Exhibit 10(c) to the Registrant's Form 10-Q for the period ended October 28, 1995 (the "October 28, 1995 10-Q").
10(l)	Consulting Agreement dated July 1, 1993, between the Registrant and Harold E. Sells (incorporated herein by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarterly period ended July 31, 1993).
10(m)	Employment agreement with Roger N. Farah dated as of December 11, 1994 (incorporated herein by reference to Exhibit 10(d) to the 1994 10-K).
10(n)	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(o)	Employment agreement with Dale W. Hilpert dated as of March 23, 1995 (incorporated herein by reference to Exhibit 10(n) to the 1994 10-K).
10(p)	Agreement with Frederick E. Hennig dated as of April 1, 1995 (incorporated herein by reference to Exhibit 10(o) to the 1994 10-K).
10(q)	Consulting Agreement with DBSS Group, Inc. dated July 1, 1996.
10(r)	Agreement with M. Jeffrey Branman dated April 24, 1997.
10(r)(i)	Supplemental agreement with M. Jeffrey Branman dated April 24, 1997.
10(r)(ii)	Employment Term Sheet for M. Jeffrey Branman dated February 15, 1996.
10(s)	Agreement with John E. DeWolf III dated April 7, 1997.
10(s)(i)	Employment Term Sheet for John E. DeWolf III dated February 8, 1996.
10(t)	Agreement with John F. Gillespie dated April 7, 1997.
10(t)(i)	Employment Term Sheet for John F. Gillespie dated February 26, 1996.
10(u)	Agreement with Andrew P. Hines dated April 9, 1997.
10(v)	Woolworth Corporation Executive Severance Pay Plan (incorporated herein by reference to Exhibit 10(u) to the 1995 10-K).
10(w)	Form of Senior Executive Severance Agreement (incorporated herein by reference to Exhibit 10(v) to the 1995 10-K).
10(x)	Woolworth Corporation Directors' Stock Plan (incorporated herein by reference to Exhibit 10(b) to the Registrant's October 28, 1995 10-Q).

10(y)	$500 million Credit Agreement dated as of April 9, 1997.
10(z)	Woolworth Corporation Excess Cash Balance Plan (incorporated herein by reference to Exhibit 10(cc) to the 1995 10-K).
11	Computation of Net Income (Loss) Per Common Share.
12	Computation of Ratio of Earnings to Fixed Charges.
13	The Registrant's 1996 Annual Report to Shareholders (for the year ended January 25, 1997). Except for those portions of the 1996 Annual Report which are expressly incorporated by reference in this Form 10-K, the 1996 Annual Report to Shareholders is furnished for the information of the SEC and is not to be deemed filed as part of this Form 10-K.
15	*
16	*
17	*
18	*
19	*
20	*
21	Subsidiaries of the Registrant.
22	*
23(a)	Consent of Independent Auditors.
23(b)	Consent of former Independent Auditors.
24	*
25	*
26	*
27	Financial Data Schedule, which is submitted electronically to the SEC for information only and not filed.
99	Report of former Independent Auditors.

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* Not applicable

Exhibits filed with Form 10-K:

Exhibit No.	
10(q)	Consulting Agreement with DBSS Group, Inc. dated July 1, 1996.
10(r)	Agreement with M. Jeffrey Branman dated April 24, 1997.
10(r)(i)	Supplemental agreement with M. Jeffrey Branman dated April 24, 1997.
10(r)(ii)	Employment Term Sheet for M. Jeffrey Branman dated February 15, 1996.
10(s)	Agreement with John E. DeWolf III dated April 7, 1997.
10(s)(i)	Employment Term Sheet for John E. DeWolf III dated February 8, 1996.
10(t)	Agreement with John F. Gillespie dated April 7, 1997.
10(t)(i)	Employment Term Sheet for John F. Gillespie dated February 26, 1996
10(u)	Agreement with Andrew P. Hines dated April 9, 1997.
10(y)	$500 million Credit Agreement.
11	Computation of Net Income (Loss) Per Common Share.
12	Computation of Ratio of Earnings to Fixed Charges.
13	1996 Annual Report to Shareholders.
21	Subsidiaries of the Registrant.
23(a)	Consent of Independent Auditors.
23(b)	Consent of former Independent Auditors.
27	Financial Data Schedule.
99	Report of former Independent Auditors.

EXHIBIT 10(q)

CONSULTING AGREEMENT

This Consulting Agreement, dated April 18, 1997, by and between Woolworth Corporation, a New York corporation (the "Company"), with an address at 233 Broadway, New York, New York 10279, and DBSS Group, Inc., a New York corporation ("Consultant"), with an address at 301 East 57 Street, New York, New York 10022.

WHEREAS, Jarobin Gilbert Jr. is currently President and Chief Executive Officer of the Consultant and has extensive international experience and knowledge of the business environment in Germany, as well as a working knowledge of the German language for business and social purposes; and

WHEREAS, Mr. Gilbert is currently a director of the Company and a member of the Supervisory Board of F. W. Woolworth Co. GmbH ("Woolworth Germany"), a wholly owned subsidiary of the Company; and

WHEREAS, since July 1, 1996, the Consultant has provided certain consulting services to the Company related to the Company's businesses in Germany.

NOW, THEREFORE, 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 management and consulting services related to the Company's businesses in Germany (the "Services"). In that regard, the Consultant shall provide such Services as may, from time to time, be requested by the Company's Chairman of the Board and Chief Executive Officer or President and Chief Operating Officer.

Consultant agrees that the Services shall be provided by Mr. Gilbert. The Services to be provided by Mr. Gilbert shall be in addition to the services that he may provide as a director of the Company or as a member of the Supervisory Board of Woolworth Germany.

2. Term. The term of this agreement shall commence as of July 1, 1996 and shall be terminable by either party upon 30 days' prior written notice. This agreement may also be terminated as provided in Sections 3 and 4 hereof.

3. Termination.

The Company may terminate this agreement immediately upon written notice if the Consultant violates the provisions of Section 9 hereof or otherwise breaches this agreement.

4. Death/Disability/Termination of Mr. Gilbert.

The Company's obligation to compensate the Consultant as herein provided is dependent upon Mr. Gilbert's rendering the Services contemplated hereunder and, therefore, shall immediately terminate on Mr. Gilbert's death or disability or his termination of employment with the Consultant.

5. Consulting Fee.

The Company shall pay to the Consultant the fee of $20,000 per year as payment for all Services the Consultant is to provide pursuant to this agreement. Payment for a portion of any period will be prorated. Such fee shall be payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year during the term hereof.

6. Reimbursement of Expenses. Upon receipt of appropriate documentation, the Company shall promptly reimburse the Consultant for all travel and other business expenses incurred by Mr. Gilbert 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 senior management employees.

7. 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.

8. Compliance with Law. Consultant shall comply with all applicable federal, state, local, and foreign 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 its failure to so comply.

9. Confidential Information. (a) Consultant agrees that during the term of this agreement and thereafter it shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge, or data relating to the Company or its business (which shall be defined as all such information, knowledge and data coming to its attention by virtue of rendering services pursuant to this agreement except that which is otherwise public knowledge or known within the Company's industry). During such period, Consultant shall not, without the prior written consent of the Company, unless compelled pursuant to the order of a court or other body having jurisdiction over such matter and unless required by lawful process or subpoena, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

(b) Notwithstanding the foregoing, nothing herein shall interfere with the confidentiality obligations, or other rights or obligations, of Mr. Gilbert as a member of the Board of Directors of the Company or of the Supervisory Board of Woolworth Germany.

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 the address of such party first given above. Notices 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 its 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.

WOOLWORTH CORPORATION

/s/ Roger N. Farah
By:________________________
Chairman of the Board and
Chief Executive Officer

DBSS GROUP, INC.

/s/ Jarobin Gilbert Jr.
By:________________________
President

EXHIBIT 10(r)

AGREEMENT

Agreement made as of April 24, 1997, by and between Woolworth Corporation, a New York corporation with its principal office at 233 Broadway, New York, New York 10279 (the "Company") and M. Jeffrey Branman, residing at 229 South Mountain Avenue, Montclair, New Jersey 07047 (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; and

WHEREAS, the Company wishes to offer a form of protection to the Executive, as one of a select group of officers and key employees of the Company and its Affiliates, in the event the Executive's employment with the Control Group terminates; and

WHEREAS, the Company also recognizes that the possibility of a Change in Control of the Company, with the attendant uncertainties and risks, might result in the departure or distraction of the Executive to the detriment of the Company; and

WHEREAS, the Company wishes to induce the Executive to remain with the Control Group, and to reinforce and encourage the Executive's continued attention and dedication, when faced with the possibility of a Change in Control of the Company; and

WHEREAS, this Agreement amends and supersedes any employment agreement, severance plan, policy and/or practice of the Company in effect 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 or her 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 and/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 or her 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 (other than good faith disputes involving expense account items), or (iii) 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 business in competition with any business conducted by any member of the Control Group for which the Executive worked at any time, provided, however, that such participation shall not include (A) the mere ownership of not more than one percent (1%) 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 the Employee's employing members of the Control Group is engaged; or (C) any activity engaged in with the prior written approval of the Board or the Committee; 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) 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; (ii) a twenty percent (20%) or greater reduction in a twelve (12) month period in the Executive's rate of base salary as payable from time to time; (iii) 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; (iv) 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/or generally applies to all executives of the Company of a similar level, 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; or (v) failure of any successor to the Company to assume in writing the obligations hereunder.

(l) "SALARY" shall mean an Executive's base monthly cash compensation rate for services paid to the Executive by the Company or an Affiliate at the time of his or her 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.

(m) "SEVERANCE BENEFIT" shall mean (i) in the case of the Executive's termination of employment that does not occur within the twelve (12) month period following a Change in Control, two (2) weeks' Salary plus prorated Bonus multiplied by the Executive's Years of Service, with a minimum of twenty-six (26) weeks; or (ii) in the case of an Executive's termination of employment within the twelve (12) month period following a Change in Control, two (2) weeks' Salary plus prorated Bonus multiplied by the Executive's Years of Service, with a minimum of seventy-eight (78) weeks. The Executive's prorated Bonus for one (1) week shall equal the Executive's Bonus divided by fifty-two (52).

(n) "SEVERANCE PERIOD" shall mean (i) in the case of the Executive's termination of employment that does not occur within the twelve (12) month period following a Change in Control, two (2) weeks multiplied by the Executive's Years of Service, with a minimum of twenty-six (26) weeks; or (ii) in the case of an Executive's termination of employment within the twelve (12) month period following a Change in Control, two (2) weeks multiplied by the Executive's Years of Service, with a minimum of seventy-eight (78) weeks.

(o) "YEAR OF SERVICE" shall mean each twelve (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 thirty (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 or she is being paid by the Employer (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 end on December 31 of the year following the year in which this Agreement is entered into. On December 31 of each year, the term shall be automatically renewed for an additional one (1) year so that the term shall then be for two years, unless the Committee notifies the Executive prior to any December 31 that the term shall not be renewed. 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. BENEFITS UPON TERMINATION. In the event the Executive's employment with the Control Group is terminated without Cause or 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, the Executive shall be entitled to a Severance Benefit as set forth below.

(a) The Executive shall receive fifty percent (50%) of his or her Severance Benefit in the form of a lump sum cash payment as soon as administratively feasible following his or her termination of employment with the Control Group, provided, however, that interest shall be payable beginning on the tenth day following such termination of employment at the prime rate of interest as stated in the Wall Street Journal.

(b) The Executive shall receive the remaining fifty percent (50%) of his or her Severance Benefit in the form of a lump sum cash payment as soon as administratively feasible following the one (1) year anniversary of the Executive's termination of employment with the Control Group, subject to (c) below, provided, however, that interest shall be payable beginning on the tenth day following such termination of employment at the prime rate of interest as stated in the Wall Street Journal.

(c) The Executive shall only be entitled to the portion of his or her Severance Benefit described in (b) above if the Executive does not engage in Competition during the one (1) year period following his or her termination of employment with the Control Group and if the Executive has not materially violated the provisions of Section 14 hereof. If the Executive does engage in Competition or violates the provisions of Section 14 during such one (1) year period, the portion of the Executive's Severance Benefit described in (b) above shall be forfeited. If the restriction set forth in this subsection 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 Executive shall continue, to the extent permitted under legal and underwriting requirements (if any), to participate during his or her Severance Period in any group medical, dental or life insurance plan he or she participated in prior to his or her termination of employment, under substantially similar terms and conditions as an active Employee; provided 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). 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 3 herein 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 or she participated in prior to his or her termination of employment. Without limiting the generality of the foregoing, the Executive shall not accrue additional benefits under any pension plan of the Employer (whether or not qualified under Section 401(a) of the Code) during the Severance Period, provided, however, that payment of any Severance Benefit shall be included in the Executive's earnings for purposes of calculating the Executive's benefit under The Woolworth Retirement Plan, Woolworth Corporation 401(k) Plan, and Woolworth Corporation Excess Cash Balance Plan.

(e) In the event of the Executive's death after becoming eligible for the portion of the Severance Benefit described in (a) above 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 (b) above, such amount shall be paid to the Executive's Beneficiary, but only to the extent that the Executive satisfied the provisions set forth in (c) above for the period following the Executive's termination of employment with the Control Group and prior to his or her death.

(f) 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 (a) or (b) above and such other amounts or benefits he or she 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, 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, would be greater than the unreduced amount to be received by the Executive 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.

4. NO DUTY TO MITIGATE/SET-OFF. The Company agrees that if the Executive's employment with the Company 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 3(c), 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.

5. FUNDING. Severance Benefits shall be funded out of the general assets of the Company as and when they are payable under this Agreement. The Executive shall be solely a general creditor of the Company. If the Company decides to establish any advance accrued reserve on its books against the future expense of benefits payable hereunder, or if the Company is required to fund a trust under this Agreement, such reserve or trust shall not under any circumstances be deemed to be an asset of this Agreement.

6. ADMINISTRATION. This Agreement shall be administered by the Committee. The Committee (or its delegate) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Agreement and to decide all matters arising in connection with the operation or administration of the Agreement. Without limiting the generality of the foregoing, the Committee shall have the sole and absolute discretionary authority: (a) to take all actions and make all decisions with respect to the eligibility for, and the amount of, benefits payable under the Agreement; (b) to formulate, interpret and apply rules, regulations and policies necessary to administer the Agreement in accordance with its terms; (c) to decide questions, including legal or factual questions, relating to the calculation and payment of benefits under the Agreement; (d) to resolve and/or clarify any ambiguities, inconsistencies and omissions arising under the Agreement; (e) to decide for purposes of paying benefits hereunder, whether, based on the terms of this Agreement, a termination of employment is for Good Reason or for Cause; and (f) except as specifically provided to the contrary herein, to process and approve or deny benefit claims and rule on any benefit exclusions. All determinations made by the Committee (or any delegate) with respect to any matter arising under the Agreement shall be final, binding and conclusive on all parties.

Decisions of the Committee shall be made by a majority of its members attending a meeting at which a quorum is present (which meeting may be held telephonically), or by written action in accordance with applicable law. All decisions of the Committee on any question concerning the interpretation and administration of the Agreement shall be final, conclusive and binding upon all parties.

No member of the Committee and no officer, director or employee of the Company or any other Affiliate shall be liable for any action or inaction with respect to his or her functions under this Agreement unless such action or inaction is adjudged to be due to gross negligence, willful misconduct or fraud. Further, no such person shall be personally liable merely by virtue of any instrument executed by him or her or on his or her behalf in connection with this Agreement.

The Company shall indemnify, to the full extent permitted by law and its Certificate of Incorporation and By-laws (but only to the extent not covered by insurance) its officers and directors (and any employee involved in carrying out the functions of the Company under the Agreement) and each member of the Committee against any expenses, including amounts paid in settlement of a liability, which are reasonably incurred in connection with any legal action to which such person is a party by reason of his or her duties or responsibilities with respect to the Agreement, except with regard to matters as to which he or she shall be adjudged in such action to be liable for gross negligence, willful misconduct or fraud in the performance of his or her duties.

7. CLAIMS PROCEDURES. Any claim by the Executive or Beneficiary ("Claimant") with respect to participation, contributions, benefits or other aspects of the operation of the Agreement shall be made in writing to the Secretary of the Company or such other person designated by the Committee from time to time for such purpose. If the designated person receiving a claim believes, following consultation with the Chairman of the Committee, that the claim should be denied, he or she shall notify the Claimant in writing of the denial of the claim within ninety (90) days after his or her receipt thereof (this period may be extended an additional ninety (90) days in special circumstances and, in such event, the Claimant shall be notified in writing of the extension). Such notice shall (a) set forth the specific reason or reasons for the denial making reference to the pertinent provisions of the Agreement on which the denial is based, (b) describe any additional material or information necessary to perfect the claim, and explain why such material or information, if any, is necessary, and (c) inform the Claimant of his or her right pursuant to this section to request review of the decision.

A Claimant may appeal the denial of a claim by submitting a written request for review to the Committee, within sixty (60) days after the date on which such denial is received. Such period may be extended by the Committee for good cause shown. The claim will then be reviewed by the Committee. A Claimant or his or her duly authorized representative may discuss any issues relevant to the claim, may review pertinent documents and may submit issues and comments in writing. If the Committee deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The Committee shall decide whether or not to grant the claim within sixty (60) days after receipt of the request for review, but this period may be extended by the Committee for up to an additional sixty (60) days in special circumstances. Written notice of any such special circumstances shall be sent to the Claimant. Any claim not decided upon in the required time period shall be deemed denied. All interpretations, determinations and decisions of the Committee with respect to any claim shall be made in its sole discretion based on the Agreement and other relevant documents and shall be final, conclusive and binding on all persons.

8. INCOMPETENCY; PAYMENTS TO MINORS. In the event that the Committee finds that a Participant is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Committee shall determine, and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Participant was or would have been otherwise entitled under this Agreement. Any payments to a minor pursuant to this Agreement may be paid by the Committee in its sole and absolute discretion (a) directly to such minor; (b) to the legal or natural guardian of such minor; or (c) to any other person, whether or not appointed guardian of the minor, who shall have the care and custody of such minor. The receipt by such individual shall be a complete discharge of all liability under the Agreement therefor.

9. 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 Employer shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Employer to the Executive upon such terms and conditions as the Committee may prescribe.

10. ASSIGNMENT AND ALIENATION. Except as provided herein, the benefits payable under this Agreement shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any benefits to be so subjected shall not be recognized.

11. 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.

12. 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 Board. 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.

13. 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.

14. CONFIDENTIALITY. 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 Board, 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 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.

15. 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.

16. ARBITRATION. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively 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 (it being understood that any prior determination of the Committee made under the provisions of Sections 6 or 7 hereof shall not be binding on the arbitrators), shall be final and binding and judgment may be entered on the arbitrators' award in any court having jurisdiction. The Company shall pay all costs of the American Arbitration Association and the arbitrator.

17. NON-EXCLUSIVITY OF RIGHTS. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiary companies and for which the Executive may qualify.

18. GOVERNING LAW. This Agreement shall be construed, interpreted, and governed by the Employee Retirement Income Security Act of 1974, as amended. To the extent not so governed, it shall be governed by the laws of the State of New York (without reference to rules relating to conflicts of law).

19. TOP-HAT PLAN. This Agreement is intended to be a "top-hat" welfare plan within the meaning of Department of Labor Regulation Section 2520.104-24.

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.

WOOLWORTH CORPORATION

By: /s/ Dale W. Hilpert

Dale W. Hilpert

Title: President and Chief
Operating Officer

M. JEFFREY BRANMAN

/s/ M. Jeffrey Branman

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(r)(i)

April 24, 1997

Mr. M. Jeffrey Branman
229 South Mountain Avenue
Montclair, New Jersey 07047

Dear Mr. Branman:

You and Woolworth Corporation (the "Company") are parties to a Senior Executive Severance Agreement dated as of April 24, 1997 (the "Agreement"). In that regard, you and the Company have agreed that in the event of the termination of your employment with the Company in a manner that would cause you to qualify for a Severance Benefit under the provisions of the Agreement, the Company would make certain additional payments to you, as set forth herein.

1. Capitalized terms used herein that are defined in the Agreement shall have the meanings provided for in the Agreement, unless otherwise defined herein. As used herein, the term "Total Severance Payment" shall be an amount equal to the sum of: (i) your annual base salary at the time of the termination of your employment by the Company, (ii) the amount of the target bonus expected to be earned by you under the Company's Annual Incentive Compensation Plan for the fiscal year of the Company in which your termination of employment occurs, and (iii) $200,000.

2. In the event your employment with the Company is terminated under circumstances that would entitle you to the payment of a Severance Benefit under the provisions of Section 3 of the Agreement, you will be entitled to additional payments, as follows:

a. If the payment made to you under the provisions of Section 3(a) of the Agreement (the "Initial Payment") does not equal 50 percent of the Total Severance Payment, the Company shall pay you an additional amount so that the Initial Payment and such additional payment shall equal 50 percent of the Total Severance Payment. Such additional payment shall be made to you at the same time and in the same manner, and with interest payable thereon under the same circumstances and in the same manner, as the Initial Payment.

b. If a payment is made to you under the provisions of Section 3(b) of the Agreement (the "Subsequent Payment") and the Subsequent Payment does not equal 50 percent of the Total Severance Payment, the Company shall pay you an additional amount so that the Subsequent Payment and such additional payment shall equal 50 percent of the Total Severance Payment. Such additional payment shall be made to you at the same time and in the same manner, and with interest payable thereon under the same circumstances and in the same manner, as the Subsequent Payment.

3. In the event that at the time of your termination of employment the term of the Agreement has not been renewed pursuant to the provisions of Section 2 thereof, (i) your eligibility for the payment described in paragraph 2(a) hereof shall be determined by whether you would be entitled to a payment under the provisions of Section 3(a) of the Agreement if the Agreement were then in effect; (ii) your eligibility for the payment described in paragraph 2(b) hereof shall be determined by whether you would be entitled to a payment under the provisions of Section 3(b) of the Agreement if the Agreement were then in effect; and (iii) the amounts paid to you under the provisions of paragraphs 2(a) and 2(b) hereof shall be calculated as if the Initial Payment and the Subsequent Payment, in each instance, were in the amount of $1.00.

4. Notwithstanding the provisions of Sections 1(i) and 3(c) of the Agreement, you shall not be considered to have engaged in Competition during the one year period following termination of your employment with the Control Group 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.

5. Clause (iii) of Section 1(k) of the Agreement apply only to your bonus classification level under the Annual Incentive Compensation Plan.

6. Any dispute or controversy arising under or in connection with this letter agreement shall be settled exclusively by arbitration, conducted in the same manner, and as part of the same proceeding, if any, as provided for under the provisions of Section 16 of the Agreement.

Please sign and return the copy of this letter enclosed for that purpose to indicate your agreement with the foregoing.

Yours truly,

WOOLWORTH CORPORATION

By: /s/ Dale W. Hilpert

Dale W. Hilpert

Accepted and Agreed:

/s/ M. Jeffrey Branman
M. Jeffrey Branman
Date:

EXHIBIT 10(r)(ii)

WOOLWORTH CORPORATION AND LOGO

Dale W. Hilpert
President
Chief Operating Officer

M. Jeffrey Branman

Title:		Senior Vice President - Corporate Development
Base:		$400,000
Bonus Plan:	(i)	Annual Incentive Compensation Plan: Threshold Target Max. $49,943 $200,000 $349,715
	plus (ii)	Discretionary bonus: Target of $200,000 based on individual performance standards Minimum Guaranteed Payment 4/97 $100,000
Stock Option:		75,000 - 4/96 75,000 - 4/97 ------- 150,000 total
3-Year Long Term Plan:		Threshold Target Max. $162,857 $651,430 $1,257,143
Medical Spending Account:		$5,000 per year
LTD Monthly Max:		$20,000
Life Insurance:		1x base salary
Personal Financial Planning:		$10,000 year/$6,000 thereafter
SERP.:		The Supplemental Cash Balance Plan provides credit in addition to the Qualified Cash Balance Plan subject to certain non-compete covenants. The "target" annual credit will be 8% of combined salary and annual bonus. The 8% target will be modified up or down based on annual Company performance. The minimum

annual accrual will be 4% of combined salary and annual bonus, regardless of performance. The maximum annual accrual will be 12% of salary and bonus.

Vacation:	Four weeks
Severance:	One (1) year's base salary plus bonus
Starting Time:	30 days from signing or less
Other benefits:	As previously provided

/s/ M. Jeffrey Branman	February 15, 1996
M. Jeffrey Branman	(Date)
/s/ Dale W. Hilpert/pap	15 Feb. 1996
Dale W. Hilpert	(Date)

EXHIBIT 10(s)

AGREEMENT

THIS AGREEMENT made April 7, 1997, by and between WOOLWORTH CORPORATION, a New York corporation with its principal office at 233 Broadway, New York, New York 10279 (the "Company") and John DeWolf, residing at 1 Woodbridge Court, Chappaqua, New York 10514 (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; and

WHEREAS, the Company wishes to offer a form of protection to the Executive, as one of a select group of officers and key employees of the Company and its Affiliates, in the event the Executive's employment with the Control Group terminates; and

WHEREAS, the Company also recognizes that the possibility of a Change in Control of the Company, with the attendant uncertainties and risks, might result in the departure or distraction of the Executive to the detriment of the Company; and

WHEREAS, the Company wishes to induce the Executive to remain with the Control Group, and to reinforce and encourage the Executive's continued attention and dedication, when faced with the possibility of a Change in Control of the Company; and

WHEREAS, this Agreement amends and supersedes any employment agreement, severance plan, policy and/or practice of the Company in effect 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 or her 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 or her 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, or (iii) 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 business in competition with any business conducted by any member of the Control Group for which the Executive 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 the Employee's employing members of the Control Group is engaged; or (C) any activity engaged in with the prior written approval of the Board or the Committee; 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) 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; (ii) a 20 percent or greater reduction in a 12 month period in the Executive's rate of base salary as payable from time to time; (iii) 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; (iv) 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/or generally applies to all executives of the Company of a similar level, 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; or (v) failure of any successor to the Company to assume in writing the obligations hereunder.

(l) "Salary" shall mean an Executive's monthly base cash compensation rate for services paid to the Executive by the Company or an Affiliate at the time of his or her 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.

(m) "Severance Benefit" shall mean (i) in the case of the Executive's termination of employment that does not occur within the 12 month period following a Change in Control, two weeks' Salary plus prorated Bonus 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 12 month period following a Change in Control, two weeks' Salary plus prorated Bonus multiplied by the Executive's Years of Service, with a minimum of 78 weeks. The Executive's prorated Bonus for one week shall equal the Executive's Bonus divided by 52.

(n) "Severance Period" shall mean (i) in the case of the Executive's termination of employment that does not occur within the 12 month period following a Change in Control, 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 12 month period following a Change in Control, two weeks multiplied by the Executive's Years of Service, with a minimum of 78 weeks.

(o) "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 or she is being paid by the Employer (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 end on December 31 of the year following the year in which this Agreement is entered into. On December 31 of each year, the term shall be automatically renewed for an additional one year so that the term shall then be for two years, unless the Committee notifies the Executive prior to any December 31 that the term shall not be renewed. 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. Benefits Upon Termination. In the event the Executive's employment with the Control Group is terminated 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, the Executive shall be entitled to a Severance Benefit as set forth below.

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

(b) The Executive shall receive the remaining 50 percent of his or her 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 of employment with the Control Group, subject to (c) below, provided, however, that interest shall be payable beginning on the tenth day following such termination of employment at the prime rate of interest as stated in the Wall Street Journal.

(c) The Executive shall only be entitled to the portion of his or her Severance Benefit described in (b) above if the Executive does not engage in Competition during the one year period following his or her termination of employment with the Control Group and if the Executive has not materially violated the provisions of Section 14 hereof. If the Executive does engage in Competition or violates the provisions of Section 14 during such one year period, the portion of the Executive's Severance Benefit described in (b) above shall be forfeited. If the restriction set forth in this subsection 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 Executive shall continue, to the extent permitted under legal and underwriting requirements (if any), to participate during his or her Severance Period in any group medical, dental or life insurance plan he or she participated in prior to his or her termination of employment, under substantially similar terms and conditions as an active Employee; provided 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). 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 3 herein 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 or she participated in prior to his or her termination of employment. Without limiting the generality of the foregoing, the Executive shall not accrue additional benefits under any pension plan of the Employer (whether or not qualified under Section 401(a) of the Code) during the Severance Period, provided, however, that payment of any Severance Benefit shall be included in the Executive's earnings for purposes of calculating the Executive's benefit under The Woolworth Retirement Plan, Woolworth Corporation 401(k) Plan, and Woolworth Corporation Excess Cash Balance Plan.

(e) In the event of the Executive's death after becoming eligible for the portion of the Severance Benefit described in (a) above 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 (b) above, such amount shall be paid to the Executive's Beneficiary, but only to the extent that the Executive satisfied the provisions set forth in (c) above for the period following the Executive's termination of employment with the Control Group and prior to his or her death.

(f) 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 (a) or (b) above and such other amounts or benefits he or she 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, 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, would be greater than the unreduced amount to be received by the Executive 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.

4. No Duty to Mitigate/Set-off. The Company agrees that if the Executive's employment with the Company 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 3(c), 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.

5. Funding. Severance Benefits shall be funded out of the general assets of the Company as and when they are payable under this Agreement. The Executive shall be solely a general creditor of the Company. If the Company decides to establish any advance accrued reserve on its books against the future expense of benefits payable hereunder, or if the Company is required to fund a trust under this Agreement, such reserve or trust shall not under any circumstances be deemed to be an asset of this Agreement.

6. Administration. This Agreement shall be administered by the Committee. The Committee (or its delegate) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Agreement and to decide all matters arising in connection with the operation or administration of the Agreement. Without limiting the generality of the foregoing, the Committee shall have the sole and absolute discretionary authority: (a) to take all actions and make all decisions with respect to the eligibility for, and the amount of, benefits payable under the Agreement; (b) to formulate, interpret and apply rules, regulations and policies necessary to administer the Agreement in accordance with its terms; (c) to decide questions, including legal or factual questions, relating to the calculation and payment of benefits under the Agreement; (d) to resolve and/or clarify any ambiguities, inconsistencies and omissions arising under the Agreement; (e) to decide for purposes of paying benefits hereunder, whether, based on the terms of this Agreement, a termination of employment is for Good Reason or for Cause; and (f) except as specifically provided to the contrary herein, to process and approve or deny benefit claims and rule on any benefit exclusions. All determinations made by the Committee (or any delegate) with respect to any matter arising under the Agreement shall be final, binding and conclusive on all parties.

Decisions of the Committee shall be made by a majority of its members attending a meeting at which a quorum is present (which meeting may be held telephonically), or by written action in accordance with applicable law. All decisions of the Committee on any question concerning the interpretation and administration of the Agreement shall be final, conclusive and binding upon all parties.

No member of the Committee and no officer, director or employee of the Company or any other Affiliate shall be liable for any action or inaction with respect to his or her functions under this Agreement unless such action or inaction is adjudged to be due to gross negligence, willful misconduct or fraud. Further, no such person shall be personally liable merely by virtue of any instrument executed by him or her or on his or her behalf in connection with this Agreement.

The Company shall indemnify, to the full extent permitted by law and its Certificate of Incorporation and By-laws (but only to the extent not covered by insurance) its officers and directors (and any employee involved in carrying out the functions of the Company under the Agreement) and each member of the Committee against any expenses, including amounts paid in settlement of a liability, which are reasonably incurred in connection with any legal action to which such person is a party by reason of his or her duties or responsibilities with respect to the Agreement, except with regard to matters as to which he or she shall be adjudged in such action to be liable for gross negligence, willful misconduct or fraud in the performance of his or her duties.

7. Claims Procedures. Any claim by the Executive or Beneficiary ("Claimant") with respect to participation, contributions, benefits or other aspects of the operation of the Agreement shall be made in writing to the Secretary of the Company or such other person designated by the Committee from time to time for such purpose. If the designated person receiving a claim believes, following consultation with the Chairman of the Committee, that the claim should be denied, he or she shall notify the Claimant in writing of the denial of the claim within 90 days after his or her receipt thereof (this period may be extended an additional 90 days in special circumstances and, in such event, the Claimant shall be notified in writing of the extension). Such notice shall (a) set forth the specific reason or reasons for the denial making reference to the pertinent provisions of the Agreement on which the denial is based, (b) describe

any additional material or information necessary to perfect the claim, and explain why such material or information, if any, is necessary, and (c) inform the Claimant of his or her right pursuant to this section to request review of the decision.

A Claimant may appeal the denial of a claim by submitting a written request for review to the Committee, within 60 days after the date on which such denial is received. Such period may be extended by the Committee for good cause shown. The claim will then be reviewed by the Committee. A Claimant or his or her duly authorized representative may discuss any issues relevant to the claim, may review pertinent documents and may submit issues and comments in writing. If the Committee deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The Committee shall decide whether or not to grant the claim within 60 days after receipt of the request for review, but this period may be extended by the Committee for up to an additional 60 days in special circumstances. Written notice of any such special circumstances shall be sent to the Claimant. Any claim not decided upon in the required time period shall be deemed denied. All interpretations, determinations and decisions of the Committee with respect to any claim shall be made in its sole discretion based on the Agreement and other relevant documents and shall be final, conclusive and binding on all persons.

8. Incompetency; Payments to Minors. In the event that the Committee finds that a Participant is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Committee shall determine, and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Participant was or would have been otherwise entitled under this Agreement. Any payments to a minor pursuant to this Agreement may be paid by the Committee in its sole and absolute discretion (a) directly to such minor; (b) to the legal or natural guardian of such minor; or (c) to any other person, whether or not appointed guardian of the minor, who shall have the care and custody of such minor. The receipt by such individual shall be a complete discharge of all liability under the Agreement therefor.

9. 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 Employer shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Employer to the Executive upon such terms and conditions as the Committee may prescribe.

10. Assignment and Alienation. Except as provided herein, the benefits payable under this Agreement shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any benefits to be so subjected shall not be recognized.

11. 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.

12. 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 Board. 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.

13. 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.

14. Confidentiality. 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 Board, 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 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.

15. Special Provisions. Notwithstanding any other provision of this agreement to the contrary, the Severance Benefit payable hereunder shall be no less than one year's Salary.

16. 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.

17. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively 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 Company shall pay all costs of the American Arbitration Association and the arbitrator.

18. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiary companies and for which the Executive may qualify.

19. Governing Law. This Agreement shall be construed, interpreted, and governed by the Employee Retirement Income Security Act of 1974, as amended. To the extent not so governed, it shall be governed by the laws of the State of New York (without reference to rules relating to conflicts of law).

20. Top-hat Plan. This Agreement is intended to be a "top-hat" welfare plan within the meaning of Department of Labor Regulation Section 2520.104-24.

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.

WOOLWORTH CORPORATION

/s/ Patricia A. Peck
By:_________________________________

/s/ John DeWolf
____
John DeWolf

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(s)(i)

WOOLWORTH CORPORATION AND LOGO

Dale W. Hilpert
President
Chief Operating Officer

John DeWolf

Title:	Senior Vice President - Real Estate		
Base:	$350,000 - to be reviewed annually		
Bonus:	Threshold	Target	Max.
	$43,700	$175,000	$306,000
	Minimum guaranteed bonus 4/97 - $150,000		
Stock Option:	30,000 shares per year (non-qualified)		
	3 years - 90,000 total		
3-Year Long Term Plan:	Threshold	Target	Max.
	$142,500	$570,000	$1,100,000
Medical Spending Account:	$5,000 per year		
LTD Monthly Max:	$17,500		
Life Insurance:	1x base salary		
Personal Financial Planning:	$10,000 year /$6,000 thereafter		

SERP:	The Supplemental Cash Balance Plan provides credit in addition to the Qualified Cash Balance Plan subject to certain non-compete covenants. The "target" annual credit will be 8% of combined salary and annual bonus. The 8% target will be modified up or down based on annual Company performance. The minimum annual accrual will be 4% of combined salary and annual bonus, regardless of performance. The maximum annual accrual will be 12% of salary and bonus.
Signing Bonus:	$200,000

Relocation, including house purchase at original purchase price

Severance:	One (1) year's base salary
Starting Time:	30 days from signing or less
Other benefits:	As previously provided

/s/ John DeWolf 2/9/96

John DeWolf (Date)

/s/ Dale W. Hilpert 2/8/96

Dale W. Hilpert (Date)

EXHIBIT 10(t)

AGREEMENT

THIS AGREEMENT made April 7, 1997, by and between WOOLWORTH CORPORATION, a New York corporation with its principal office at 233 Broadway, New York, New York 10279 (the "Company") and John F. Gillespie, residing at 8 Pond Edge Road, Westport, Connecticut 06880 ("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; and

WHEREAS, the Company wishes to offer a form of protection to the Executive, as one of a select group of officers and key employees of the Company and its Affiliates, in the event the Executive's employment with the Control Group terminates; and

WHEREAS, the Company also recognizes that the possibility of a Change in Control of the Company, with the attendant uncertainties and risks, might result in the departure or distraction of the Executive to the detriment of the Company; and

WHEREAS, the Company wishes to induce the Executive to remain with the Control Group, and to reinforce and encourage the Executive's continued attention and dedication, when faced with the possibility of a Change in Control of the Company; and

WHEREAS, this Agreement amends and supersedes any employment agreement, severance plan, policy and/or practice of the Company in effect 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 or her 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 or her 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, or (iii) 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 business in competition with any business conducted by any member of the Control Group for which the Executive 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 the Employee's employing members of the Control Group is engaged; or (C) any activity engaged in with the prior written approval of the Board or the Committee; 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) 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; (ii) a 20 percent or greater reduction in a 12 month period in the Executive's rate of base salary as payable from time to time; (iii) 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; (iv) 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/or generally applies to all executives of the Company of a similar level, 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; or (v) failure of any successor to the Company to assume in writing the obligations hereunder.

(l) "Salary" shall mean an Executive's monthly base cash compensation rate for services paid to the Executive by the Company or an Affiliate at the time of his or her 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.

(m) "Severance Benefit" shall mean (i) in the case of the Executive's termination of employment that does not occur within the 12 month period following a Change in Control, two weeks' Salary plus prorated Bonus 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 12 month period following a Change in Control, two weeks' Salary plus prorated Bonus multiplied by the Executive's Years of Service, with a minimum of 78 weeks. The Executive's prorated Bonus for one week shall equal the Executive's Bonus divided by 52.

(n) "Severance Period" shall mean (i) in the case of the Executive's termination of employment that does not occur within the 12 month period following a Change in Control, 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 12 month period following a Change in Control, two weeks multiplied by the Executive's Years of Service, with a minimum of 78 weeks.

(o) "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 or she is being paid by the Employer (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 end on December 31 of the year following the year in which this Agreement is entered into. On December 31 of each year, the term shall be automatically renewed for an additional one year so that the term shall then be for two years, unless the Committee notifies the Executive prior to any December 31 that the term shall not be renewed. 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. Benefits Upon Termination. In the event the Executive's employment with the Control Group is terminated 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, the Executive shall be entitled to a Severance Benefit as set forth below.

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

(b) The Executive shall receive the remaining 50 percent of his or her 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 of employment with the Control Group, subject to (c) below, provided, however, that interest shall be payable beginning on the tenth day following such termination of employment at the prime rate of interest as stated in the Wall Street Journal .

(c) The Executive shall only be entitled to the portion of his or her Severance Benefit described in (b) above if the Executive does not engage in Competition during the one year period following his or her termination of employment with the Control Group and if the Executive has not materially violated the provisions of Section 14 hereof. If the Executive does engage in Competition or violates the provisions of Section 14 during such one year period, the portion of the Executive's Severance Benefit described in (b) above shall be forfeited. If the restriction set forth in this subsection 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 Executive shall continue, to the extent permitted under legal and underwriting requirements (if any), to participate during his or her Severance Period in any group medical, dental or life insurance plan he or she participated in prior to his or her termination of employment, under substantially similar terms and conditions as an active Employee; provided 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). 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 3 herein 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 or she participated in prior to his or her termination of employment. Without limiting the generality of the foregoing, the Executive shall not accrue additional benefits under any pension plan of the Employer (whether or not qualified under Section 401(a) of the Code) during the Severance Period, provided, however, that payment of any Severance Benefit shall be included in the Executive's earnings for purposes of calculating the Executive's benefit under The Woolworth Retirement Plan, Woolworth Corporation 401(k) Plan, and Woolworth Corporation Excess Cash Balance Plan.

(e) In the event of the Executive's death after becoming eligible for the portion of the Severance Benefit described in (a) above 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 (b) above, such amount shall be paid to the Executive's Beneficiary, but only to the extent that the Executive satisfied the provisions set forth in (c) above for the period following the Executive's termination of employment with the Control Group and prior to his or her death.

(f) 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 (a) or (b) above and such other amounts or benefits he or she 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, 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, would be greater than the unreduced amount to be received by the Executive 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.

4. No Duty to Mitigate/Set-off. The Company agrees that if the Executive's employment with the Company 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 3(c), 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.

5. Funding. Severance Benefits shall be funded out of the general assets of the Company as and when they are payable under this Agreement. The Executive shall be solely a general creditor of the Company. If the Company decides to establish any advance accrued reserve on its books against the future expense of benefits payable hereunder, or if the Company is required to fund a trust under this Agreement, such reserve or trust shall not under any circumstances be deemed to be an asset of this Agreement.

6. Administration. This Agreement shall be administered by the Committee. The Committee (or its delegate) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Agreement and to decide all matters arising in connection with the operation or administration of the Agreement. Without limiting the generality of the foregoing, the Committee shall have the sole and absolute discretionary authority: (a) to take all actions and make all decisions with respect to the eligibility for, and the amount of, benefits payable under the Agreement; (b) to formulate, interpret and apply rules, regulations and policies necessary to administer the Agreement in accordance with its terms; (c) to decide questions, including legal or factual questions, relating to the calculation and payment of benefits under the Agreement; (d) to resolve and/or clarify any ambiguities, inconsistencies and omissions arising under the Agreement; (e) to decide for purposes of paying benefits hereunder, whether, based on the terms of this Agreement, a termination of employment is for Good Reason or for Cause; and (f) except as specifically provided to the contrary herein, to process and approve or deny benefit claims and rule on any benefit exclusions. All determinations made by the Committee (or any delegate) with respect to any matter arising under the Agreement shall be final, binding and conclusive on all parties.

Decisions of the Committee shall be made by a majority of its members attending a meeting at which a quorum is present (which meeting may be held telephonically), or by written action in accordance with applicable law. All decisions of the Committee on any question concerning the interpretation and administration of the Agreement shall be final, conclusive and binding upon all parties.

No member of the Committee and no officer, director or employee of the Company or any other Affiliate shall be liable for any action or inaction with respect to his or her functions under this Agreement unless such action or inaction is adjudged to be due to gross negligence, willful misconduct or fraud. Further, no such person shall be personally liable merely by virtue of any instrument executed by him or her or on his or her behalf in connection with this Agreement.

The Company shall indemnify, to the full extent permitted by law and its Certificate of Incorporation and By-laws (but only to the extent not covered by insurance) its officers and directors (and any employee involved in carrying out the functions of the Company under the Agreement) and each member of the Committee against any expenses, including amounts paid in settlement of a liability, which are reasonably incurred in connection with any legal action to which such person is a party by reason of his or her duties or responsibilities with respect to the Agreement, except with regard to matters as to which he or she shall be adjudged in such action to be liable for gross negligence, willful misconduct or fraud in the performance of his or her duties.

7. Claims Procedures. Any claim by the Executive or Beneficiary ("Claimant") with respect to participation, contributions, benefits or other aspects of the operation of the Agreement shall be made in writing to the Secretary of the Company or such other person designated by the Committee from time to time for such purpose. If the designated person receiving a claim believes, following consultation with the Chairman of the Committee, that the claim should be denied, he or she shall notify the Claimant in writing of the denial of the claim within 90 days after his or her receipt thereof (this period may be extended an additional 90 days in special circumstances and, in such event, the Claimant shall be notified in writing of the extension). Such notice shall (a) set forth the specific reason or reasons for the denial making reference to the pertinent provisions of the Agreement on which the denial is based, (b) describe

any additional material or information necessary to perfect the claim, and explain why such material or information, if any, is necessary, and (c) inform the Claimant of his or her right pursuant to this section to request review of the decision.

A Claimant may appeal the denial of a claim by submitting a written request for review to the Committee, within 60 days after the date on which such denial is received. Such period may be extended by the Committee for good cause shown. The claim will then be reviewed by the Committee. A Claimant or his or her duly authorized representative may discuss any issues relevant to the claim, may review pertinent documents and may submit issues and comments in writing. If the Committee deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The Committee shall decide whether or not to grant the claim within 60 days after receipt of the request for review, but this period may be extended by the Committee for up to an additional 60 days in special circumstances. Written notice of any such special circumstances shall be sent to the Claimant. Any claim not decided upon in the required time period shall be deemed denied. All interpretations, determinations and decisions of the Committee with respect to any claim shall be made in its sole discretion based on the Agreement and other relevant documents and shall be final, conclusive and binding on all persons.

8. Incompetency; Payments to Minors. In the event that the Committee finds that a Participant is unable to care for his or her affairs because of illness or accident, then benefits payable hereunder, unless claim has been made therefor by a duly appointed guardian, committee, or other legal representative, may be paid in such manner as the Committee shall determine, and the application thereof shall be a complete discharge of all liability for any payments or benefits to which such Participant was or would have been otherwise entitled under this Agreement. Any payments to a minor pursuant to this Agreement may be paid by the Committee in its sole and absolute discretion (a) directly to such minor; (b) to the legal or natural guardian of such minor; or (c) to any other person, whether or not appointed guardian of the minor, who shall have the care and custody of such minor. The receipt by such individual shall be a complete discharge of all liability under the Agreement therefor.

9. 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 Employer shall have the right to withhold the amount of such taxes from any other sums due or to become due from the Employer to the Executive upon such terms and conditions as the Committee may prescribe.

10. Assignment and Alienation. Except as provided herein, the benefits payable under this Agreement shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any benefits to be so subjected shall not be recognized.

11. 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.

12. 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 Board. 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.

13. 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.

14. Confidentiality. 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 Board, 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 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.

15. Special Provisions. Notwithstanding any other provision of this agreement to the contrary, the Severance Benefit payable hereunder shall be no less than one year's Salary.

16. 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.

17. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively 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 Company shall pay all costs of the American Arbitration Association and the arbitrator.

18. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiary companies and for which the Executive may qualify.

19. Governing Law. This Agreement shall be construed, interpreted, and governed by the Employee Retirement Income Security Act of 1974, as amended. To the extent not so governed, it shall be governed by the laws of the State of New York (without reference to rules relating to conflicts of law).

20. Top-hat Plan. This Agreement is intended to be a "top-hat" welfare plan within the meaning of Department of Labor Regulation Section 2520.104-24.

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.

WOOLWORTH CORPORATION

By: /s/ Patricia A. Peck

/s/ John F. Gillespie

John F. Gillespie

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(t)(i)

WOOLWORTH CORPORATION AND LOGO

Dale W. Hilpert
President
Chief Operating Officer

February 26, 1996

JOHN F. GILLESPIE

Title:	Senior Vice President Human Resources		
Base:	$325,000 to be reviewed annually		
Bonus:	Threshold	Target	Max.
	$37,500	$150,000	$262,000
	Minimum Guaranteed Payment 4/97 $100,000		
Stock Option:	30,000 shares per year (Non-qualified) 3 years - 90,000 total		
3-Year Long Term Plan:	Threshold	Target	Max.
	$122,550	$490,000	$946,000
Medical Spending Account:	$5,000 per year		
LTD Monthly Max:	$17,500		
Life Insurance:	1x base salary		
Personal Financial Planning:	$10,000 year 1/$6,000 thereafter		

SERP:	The Supplemental Cash Balance Plan provides credit in addition to the Qualified Cash Balance Plan subject to Certain non-compete covenants. The "target" annual credit will be 8% of combined salary and annual bonus. The 8% target will be modified up or down based on annual Company performance. The minimum annual accrual will be 4% of combined salary and annual bonus, regardless of performance. The maximum annual accrual will be 12% of salary and bonus.
Signing Bonus:	$175,000
Severance:	One (1) year's base salary
Starting Time:	30 days from signing or less
Other benefits:	As previously provided

/s/ John F. Gillespie 3/4/96

- ------------------------------ ----------------------

John F. Gillespie (Date)

/s/ Dale W. Hilpert/pap February 26, 1996

- ---------------------------- ----------------------

(Date)

EXHIBIT 10(u)

April 9, 1997

Mr. Andrew P. Hines
20 Saddle River Road
Far Hills, New Jersey 07931

Dear Mr. Hines:

This letter sets forth our understanding and agreement with respect to your resignation as Senior Vice President and Chief Financial Officer of Woolworth Corporation (the "Company"), and sets forth the arrangements to which we have agreed.

1. Termination of Employment. You shall resign as Senior Vice President and Chief Financial Officer of the Company, and from all other positions you hold with the Company or any of its subsidiaries, as of April 30, 1997 (the "Resignation Date"), and you shall execute and deliver a letter of resignation in the form annexed hereto as Attachment A. Although you shall not be required to appear regularly for work after the close of business on April 9, 1997, you shall, as may reasonably be requested by the Company, cooperate in performing the duties of the Company's Chief Financial Officer during the period prior to the Resignation Date. From May 1, 1997 to January 31, 1998 (the "Termination Date") you shall be on permanent leave of absence, whereupon your employment with the Company shall terminate.

2. Payments. The Company shall make the following payments to you or, in the event of your death prior to the date of any such payment, to your estate:

a. From the date hereof to January 31, 1998, the Company shall continue to pay you your base salary, at the rate of $30,417 per month, in accordance with its normal payroll practices and policies.

b. For each of the months of February, March, and April 1998, the Company shall make a payment to you, no later than the 30th day of each month, in the amount of $30,417 per month.

c. You shall receive a lump sum payment under the Company's Annual Incentive Compensation Plan for 1996 in the amount of $188,067, payable on or before April 30, 1997. You shall be eligible to receive a payment under the Long-Term Incentive Compensation Plan for the 1994-96 plan period, which is now estimated to be in the amount of $-0-, in accordance with the terms of that plan. You shall not be entitled to receive any payment under the Annual Incentive Compensation Plan for 1997 or under the Long-Term Incentive Compensation Plan for any other period.

d. The Company shall promptly reimburse you for your legal fees incurred in the negotiation and preparation of this agreement, up to a maximum amount of $5,000.

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. 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 1986 Woolworth Stock Option Plan or the 1995 Woolworth Stock Option and Award Plan, as applicable, (the "Option Plans"), shall remain exercisable, in accordance with the relevant provisions of the Option Plans. Attached hereto as Attachment B is a schedule setting forth such stock options. Your "effective date of termination" for purposes of the Option Plans shall be the Termination Date and you shall be deemed to have terminated your employment without cause on that date. In the event of your death prior to May 1, 1998, your estate shall have the same rights to exercise such stock options, and for the same period, as you would have had if you had not died.

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

4. Other Benefits.

a. Your participation in the medical, drug, dental, life insurance, and voluntary accidental death and dismemberment plans for active employees of the Company shall cease on the Termination Date, subject to your right to continue coverage under the provisions of COBRA. Your participation in the long-term disability plan shall cease on April 30, 1997. After April 30, 1997, you shall not accrue any further benefits under the Woolworth Retirement Plan or the Woolworth Excess Cash Balance Plan and you shall not participate in or receive or accrue further benefits under the Woolworth 401(k) Plan. The Company will continue payment of the premiums for the universal life insurance policy with MetLife presently in place through the Termination Date, which policy is owned by you (or, if it is subsequently determined that such policy is owned by the Company, the Company will arrange to transfer the policy to you).

b. The Company shall provide to you, at its expense, until the earlier of April 30, 1998 or such time as you shall have secured other full-time employment, the services of an out-placement consultant of your choice, at a total cost to the Company not to exceed $15,000.

5. Confidentiality; Non-Competition; Etc.

a. You agree that during any period during which payments are being made to you hereunder, and thereafter, you shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge, or data relating to the Company or its business (which shall be defined as all such information, knowledge and data coming to your attention by virtue of your employment at the Company except that which is otherwise public knowledge or known within the Company's industry). During such period, you shall not, without the prior written consent of the Company, unless compelled pursuant to the order of a court or other body having jurisdiction over such matter and unless required by lawful process or subpoena, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it.

b. You agree that during the period from the date hereof to April 30, 1998, you will not

(i) participate, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, consultant, independent contractor, advisor, joint venturer, investor, lender, or in any capacity whatsoever (within the United States of America, or in any country where the Company or any of its subsidiaries does business) (A) in activities competitive with any business conducted by Company or any subsidiary or affiliate thereof on the date hereof or contained in the 1997 strategic plan of the Company, or (B) in activities undertaken for or on behalf of any person listed in Attachment C, or any subsidiary or affiliate thereof; provided, however, that such participation shall not include (x) the mere ownership of not more than one percent (1%) of the total outstanding stock of a publicly held company; or (y) any activity engaged in with prior written approval of the Company; or

(ii) intentionally recruit, solicit, or induce any employee or employees of the Company to terminate their employment with, or otherwise cease their relationship with, the Company.

c. Both parties agree that they will not make, or cause to be made, any statements, observations or opinions, or communicate any information (whether oral or written) that disparages or is likely in any way to harm the reputations of the other and, in the case of Mr. Hines, the reputation of the directors, officers, employees, divisions and subsidiaries of the Company; provided, however, that nothing herein will prohibit or in any way limit compliance by the Company or you with applicable state and federal securities laws.

d. You acknowledge your obligations under the federal securities laws not to trade in the Common Stock of other securities of the Company while in possession of material, non-public information concerning the Company. Further, you agree that between the date hereof and the Termination Date you will not engage in any transactions in the Common Stock or other securities of the Company during the seven trading days preceding and the three trading days following the planned date of each quarterly release of the Company's earnings. The Company shall notify you of the planned dates of such earnings releases at the same time it notifies its executive officers.

e. If you violate the provisions of this Section , or if you fail to perform the duties of the Company's Chief Financial Officer as specified in Section 1, you will forfeit your entitlement to any payments pursuant to the provisions of Sections 2(a), 2(b), or 2(d) and to the continuation of the services specified in Section 4(b) and the Company shall not have any further obligation under this letter agreement (provided, however, that any continuing obligation of the Company under any stock option plan or benefit plan or program by which you are then covered shall not thereby be affected). 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 Sections 5(a), 5(b), or 5(c) would cause irreparable injury to the Company, for which there would be no adequate remedy at law. Notwithstanding the foregoing, if you violate the provisions set forth in paragraph (b) of this section after January 31, 1998, the Company may discontinue the payments specified in Section 2(b) hereof, but shall have no other rights or remedies against you.

6. Release from Claims. a. In consideration of all of the foregoing, you, for yourself and for your heirs, executors, administrators, successors, and assigns, hereby release and forever discharge the Company and its subsidiaries and affiliates, and their respective officers, directors, employees, or agents,

from any and all actions, causes of action, claims, demands, and liabilities of whatsoever nature arising out of, or in connection with, your employment or the termination of your employment with the Company and any of its subsidiaries and affiliates, or otherwise, whether known or unknown which you ever had, now have, or may hereafter have. 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, and any claims under your employment agreement with the Company dated July 3, 1995. 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. Notwithstanding any other provision of this section to the contrary, this Section 6(a) shall not constitute a release of any and all claims you may have against the Company (i) for breach of any of the provisions of this letter agreement or (ii) that (X) arise out of acts or omissions of the Company occurring after the date hereof and (Y) do not arise out of, or in connection with, your employment or termination of employment with the Company or any of its subsidiaries or affiliates.

b. 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 by or on behalf of the Company, including but not limited to all amounts that would be payable to you under the provisions of the employment agreement between you and the Company dated July 3, 1995, and that no other amounts will be paid to you by or on behalf of the Company for any reason whatsoever.

c. The Company acknowledges that, as of the date hereof, it is not aware of any claim or cause of action that it has against you arising out of or in connection with your employment with the

Company and any of its subsidiaries and affiliates, or otherwise.

7. Employment Agreement. The employment agreement between you and the Company dated July 3, 1995 is hereby terminated, without further obligation by either party to the other, and shall be of no further force or effect.

8. Mitigation. The Company agrees that you shall have no obligation to mitigate damages hereunder by seeking other employment and that, other than as provided for in Section 5(e), no reduction of any amounts paid or payable pursuant to this agreement shall be made should you receive compensation or benefits from other employment, nor shall any benefits to which you are entitled by the terms hereof be reduced except as otherwise expressly provided for herein.

9. Press Release. The Company shall, promptly following the acceptance of your resignation as Senior Vice President and Chief Financial Officer, issue a press release in the form of Attachment D and file a Form 8-K with the Securities and Exchange Commission that has such press release as an exhibit. Any other public disclosure concerning your resignation as the Company's Senior Vice President and Chief Financial Officer will be in a form mutually agreed by the parties, such agreement not to be unreasonably

withheld; provided, however, that nothing herein will prohibit or in any way limit compliance by the Company or you with applicable state and federal securities laws.

10. Assignment. This agreement is binding upon and shall inure to the benefit of the parties and their respective successors, heirs, and permitted assigns. Neither this letter agreement, nor any of the rights arising hereunder, may be assigned by either party, except that, upon written notice to you, the Company may assign its rights and obligations hereunder to an affiliated or successor corporation that agrees in writing to be bound hereby. You agree to execute such additional documents as may be reasonably necessary to carry out the provisions of this letter agreement.

11. 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.

12. Miscellaneous. 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.

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.

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.

13. 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,
WOOLWORTH CORPORATION

By: /s/ John F. Gillespie

Agreed:

/s/ Andrew P. Hines
- ---------------------------
Andrew P. Hines

Witnessed:

/s/ Gary M. Bahler
- ---------------------------
Date: 9 Apr 97
- ---------------------------

ATTACHMENT A

April 9, 1997

Board of Directors
Woolworth Corporation
233 Broadway
New York, New York 10279

Gentlemen and Ladies:

I hereby resign my position as Senior Vice President and Chief Financial Officer of Woolworth Corporation, and from any other position as an officer or director that I may hold with Woolworth Corporation and or with any subsidiary or affiliate thereof, effective at the close of business on April 30, 1997.

Yours truly,

Andrew P. Hines

ATTACHMENT B

WOOLWORTH CORPORATION - working

STOCK OPTION PERSONNEL SUMMARY AS OF 05/01/97

Andrew Hines
20 Saddle Hill Road
Far Hills, NJ 07931

ID: ###-##-####
Country: USA
Department: Corp
Termination date - 1/30/98

GRANT NUMBER	GRANT DATE	PLAN/ TYPE	GRANTED	PRICE	EXERCISED	VESTED	CANCELLED	UNVESTED	OUTSTANDING	EXERCISABLE
003189	07/13/94	86/ISO	12,598	$15.8750	0	12,598	0	0	12,598	12,598
003190	07/13/94	86/NQ	2,402	$15.8750	0	2,402	0	0	2,402	2,402
003200	03/08/95	95/NQ	85,000	$15.3750	0	85,000	0	0	85,000	85,000
003535	04/10/96	95/ISO	19,047	$15.7500	0	6,349	12,698	0	6,349	6,349
003536	04/10/96	95/NQ	23,953	$15.7500	0	7,984	15,969	0	7,984	7,984
		TOTALS	143,000	($15.5402)	0	114,333	28,667	0	114,333	114,333

ATTACHMENT C

Nike, Inc.

Reebok

adidas, U.S.A.

ATTACHMENT D

CONTACT: Juris Pagrabs
Vice President
Investor Relations
(212) 553-7017

Draft 4/8

FOR IMMEDIATE RELEASE

WOOLWORTH CORPORATION ANNOUNCES RESIGNATION OF
ANDREW P. HINES, SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

NEW YORK, New York, April 9, 1997 - Woolworth Corporation (NYSE:Z) announced today that Andrew P. Hines, its Senior Vice President and Chief Financial Officer, will resign effective April 30 to pursue other personal interests. The Company expects to name a successor to Hines shortly.

"Andy Hines, hard work and expert guidance, during a particularly challenging rebuilding period, contributed to the success of our financial restructuring, which was completed a year earlier than originally planned," said Roger N. Farah, Chairman of the Board and Chief Executive Officer. "We thank him for his efforts and wish him well."

Woolworth Corporation operates nearly 8,000 stores in North America, Europe, Australia, and Asia, with names such as Foot Locker, Northern Reflections, Woolworth, After Thoughts, and Champs Sports.

EXHIBIT 10(y)

CREDIT AGREEMENT

dated as of

April 9, 1997

among

Woolworth Corporation

The Banks Party Hereto

The Co-Agents Party Hereto

NationsBank, N.A.
as Documentation Agent

and

The Bank of New York,
as Administrative Agent, LC Agent
and Swingline Bank

Syndicated by:

J.P. Morgan Securities Inc.,
as Arranger and Syndication Agent

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Exhibit I - Form of Assignment and Assumption Agreement

CREDIT AGREEMENT

AGREEMENT dated as of April 9, 1997 among WOOLWORTH CORPORATION, the BANKS party hereto, the CO-AGENTS party hereto, NATIONSBANK, N.A., as Documentation Agent, and THE BANK OF NEW YORK, as LC Agent, Administrative Agent and Swingline Bank.

WHEREAS the Borrower desires to obtain a five-year revolving credit facility in the amount of $500,000,000; and

WHEREAS the Banks party hereto are willing to provide such credit facility on the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. The following terms, as used herein, have the following meanings:

"Absolute Rate Auction" means a solicitation of Money Market Quotes setting forth Money Market Absolute Rates pursuant to Section 2.03.

"Adjusted CD Rate" has the meaning set forth in Section 2.07(b).

"Adjusted London Interbank Offered Rate" has the meaning set forth in Section 2.07(c).

"Administrative Agent" means The Bank of New York, in its capacity as administrative agent for the Banks hereunder, and its successors in such capacity.

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent (with a copy to the Borrower) duly completed by such Bank.

"Affiliate" means, as to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agents" means the LC Agent, the Documentation Agent and the Administrative Agent.

"Aggregate LC Exposure" means, at any time, the sum, without duplication, of (i) the aggregate amount that is (or may thereafter become) available for drawing under all Letters of Credit outstanding at such time plus (ii) the aggregate unpaid amount of all Reimbursement Obligations outstanding at such time.

"Annual Rent Expense" means, for purposes of calculations pursuant to Section 5.10 as of the end of each Fiscal Year (the "Relevant Fiscal Year") and the end of each of the first three Fiscal Quarters of the next Fiscal Year, the total rent expense (net of sublease income) of the Borrower and its Consolidated Subsidiaries for the Relevant Fiscal Year, calculated in the same manner as the $693,000,000 amount shown as such total rent expense (net of sublease income) for Fiscal Year 1995 under the heading "Leases" on page 29 of the Borrower's 1995 Annual Report to its shareholders.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office, (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office and (iii) in the case of its Money Market Loans, its Money Market Lending Office.

"Arranger and Syndication Agent" means J.P. Morgan Securities Inc., in its capacity as arranger and syndication agent for the credit facility provided hereunder.

"Assessment Rate" has the meaning set forth in Section 2.07(b).

"Asset Sale" means any sale, lease or other disposition (including any such transaction effected by way of merger or consolidation) of any asset by the Borrower or any of its Subsidiaries, including without limitation any sale-leaseback transaction, whether or not involving a capital lease, and any sale of real estate, but excluding (i) dispositions of inventory, cash, cash equivalents and other cash management investments and obsolete, unused or unnecessary equipment, in each case in the ordinary course of business, (ii) dispositions of assets to the Borrower or a Subsidiary and (iii) any transaction involving a

disposition of one or more assets for a consideration less than $250,000.

"Assignee" has the meaning set forth in Section 9.06(c).

"Available Net Cash Proceeds" means:

(i) with respect to any Asset Sale, an amount equal to the cash proceeds received by the Borrower or any of its Subsidiaries from or in respect of such Asset Sale (including any cash proceeds received as income or other proceeds of any noncash proceeds of such Asset Sale), less (x) any expenses reasonably incurred by such Person in respect of such Asset Sale, (y) the amount of any Debt secured by a Lien on any asset disposed of in such Asset Sale and discharged from the proceeds thereof and (z) any taxes actually paid or to be payable by such Person (as estimated by a senior financial or accounting officer of the Borrower, giving effect to the overall tax position of the Borrower and its Subsidiaries) in respect of such Asset Sale,

(ii) with respect to any Public Debt Issuance, an amount equal to the cash proceeds received by the Borrower or any of its Subsidiaries in respect thereof less any expenses reasonably incurred by them in respect thereof, and

(iii) with respect to any Equity Issuance, an amount equal to the cash proceeds received by the Borrower or any of its Subsidiaries in respect thereof less any expenses reasonably incurred by them in respect thereof.

"Bank" means each bank listed on the signature pages hereof, each Assignee which becomes a Bank pursuant to Section 9.06(c), and their respective successors. The term "Bank" does not include the Swingline Bank in its capacity as such.

"Bank Parties" means the Banks, the Swingline Bank and the Agents.

"Base Rate" means, for any day, a rate per annum equal to the higher of (i) the Prime Rate for such day and (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day.

"Base Rate Loan" means a Committed Loan which bears interest at the Base Rate pursuant to the applicable Notice of Committed Borrowing or Notice of Interest Rate Election or the provisions of Article VIII.

"Borrower" means Woolworth Corporation, a New York corporation, and its successors.

"Borrower's 1995 Form 10-K" means the Borrower's annual report on Form 10-K for 1995, as filed with the SEC pursuant to the Exchange Act.

"Borrower's Latest 10-Q" means the Borrower's quarterly report on Form 10-Q for the quarter ended October 26, 1996, as filed with the SEC pursuant to the Exchange Act.

"Borrowing" has the meaning set forth in Section 1.03.

"CD Base Rate" has the meaning set forth in Section 2.07(b).

"CD Loan" means a Committed Loan which bears interest at a CD Rate pursuant to the applicable Notice of Committed Borrowing or Notice of Interest Rate Election.

"CD Margin" has the meaning set forth in Section 2.07(b).

"CD Rate" means a rate of interest determined pursuant to Section 2.07(b) on the basis of an Adjusted CD Rate.

"CD Reference Banks" means The Bank of New York, NationsBank and Morgan.

"Change in Consolidated Net Working Investment" means, for any Fiscal Quarter, the amount (which may be positive or negative) obtained by subtracting Consolidated Net Working Investment at the beginning of such Fiscal Quarter from Consolidated Net Working Investment at the end of such Fiscal Quarter. For purposes of this definition, "Consolidated Net Working Investment" means, at any time, the amount obtained by subtracting consolidated accounts payable of the Borrower and its Consolidated Subsidiaries at such time from consolidated merchandise inventories of the Borrower and its Consolidated Subsidiaries at such time.

"Co-Agents" means the Banks designated as Co-Agents on the signature pages hereof, in their respective

capacities as Co-Agents in connection with the credit facility provided hereunder.

"Commitment" means, with respect to each Bank, the amount set forth opposite the name of such Bank on the Commitment Schedule (or, in the case of an Assignee, the portion of the transferor Bank's Commitment assigned to such Assignee pursuant to Section 9.06(c)), in each case as such amount may be reduced from time to time pursuant to Sections 2.10 and 2.11 or changed as a result of an assignment pursuant to Section 8.06 or 9.06(c). The term "Commitment" does not include the Swingline Commitment.

"Commitment Schedule" means the Commitment Schedule attached hereto.

"Committed Loan" means a loan made or to be made by a Bank pursuant to Section 2.01 or Section 2.18(f); provided that, if any such loan or loans (or portions thereof) are combined or subdivided pursuant to a Notice of Interest Rate Election, the term "Committed Loan" shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

"Consolidated Capital Expenditures" means, for any period, the gross additions to property, plant and equipment and other capital expenditures of the Borrower and its Consolidated Subsidiaries for such period.

"Consolidated Debt" means at any date the Debt of the Borrower and its Consolidated Subsidiaries, determined on a consolidated basis as of such date.

"Consolidated Subsidiary" means at any date any Subsidiary or other entity the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such statements were prepared as of such date in accordance with generally accepted accounting principles.

"Consolidated Tangible Net Worth" means at any date the consolidated shareholders' equity of the Borrower and its Consolidated Subsidiaries as of such date less their consolidated goodwill as of such date.

"Continuing Director" means at any date a member of the Borrower's board of directors who was either (i) a member of such board twelve months prior to such date or (ii) nominated for election to such board by at least two-thirds of the Continuing Directors then in office.

"Credit Exposure" means, as to any Bank at any time:

(i) the amount of its Commitment (whether used or unused) at such time; or

(ii) if the Commitments have terminated in their entirety, the sum of (x) its Outstanding Committed Amount and (y) the aggregate outstanding principal amount of its Money Market Loans,

all determined at such time after giving effect to any prior assignments by or to such Bank pursuant to Section 9.06(c).

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all non-contingent obligations (and, for purposes of Section 5.06 and the definition of Material Debt, all contingent obligations) of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (vi) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person, and (vii) all Guarantees by such Person of Debt of another Person (each such Guarantee to constitute Debt in an amount equal to the maximum amount of such other Person's Debt Guaranteed thereby); provided that the term "Debt" shall not include amounts borrowed against the cash value of life insurance policies.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Designated Litigation" means (i) the litigation described under the heading "Legal Proceedings" in the Borrower's 1995 Form 10-K, (ii) subsequent developments in the foregoing litigation and (iii) any governmental investigation or subsequent litigation relating to the events and transactions described in the report of the special committee of the Borrower's board of directors filed (excluding certain exhibits and the appendix) with the SEC

pursuant to the Exchange Act as an exhibit to the Borrower's report on Form 8K dated May 18, 1994.

"Documentation Agent" means Nationsbank, N.A., in its capacity as documentation agent for the credit facility provided hereunder.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided that, when used in Section 2.17 with respect to any action to be taken by or with respect to the LC Agent, the term "Domestic Business Day" shall not include any day on which commercial banks are authorized by law to close in the jurisdiction where the LC Office of the LC Agent is located.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Borrower and the Administrative Agent; provided that any Bank may so designate separate Domestic Lending Offices for its Base Rate Loans, on the one hand, and its CD Loans, on the other hand, in which case all references herein to the Domestic Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Domestic Loans" means CD Loans or Base Rate Loans or both.

"Domestic Reserve Percentage" has the meaning set forth in Section 2.07(b).

"EBIT" means, for any period, the sum of (i) the consolidated net income of the Borrower and its Consolidated Subsidiaries for such period plus (ii) to the extent deducted in determining such consolidated net income, the sum of (A) Interest Expense, (B) income taxes, (C) the after-tax effect of any extraordinary non-cash losses (or minus the after-tax effect of any extraordinary non-cash gains), (D) the before-tax effect of any non-recurring non-cash losses that are not classified as extraordinary losses (or minus the before-tax effect of any non-recurring non-cash gains that are not classified as extraordinary gains) and (E) any pre-tax loss (or minus any pre-tax gain) on the sale of any ownership or leasehold interest in real property; provided that if any extraordinary non-cash loss or non-recurring non-cash loss referred to in clause (C) or (D) of this definition includes a provision for cash

payments to be made in future periods, such cash payments shall be deducted in calculating EBIT for the periods in which they are actually paid.

"Effective Date" means the date on which the Administrative Agent shall have received the documents specified in or pursuant to Section 3.01.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, injunctions, permits, licenses and agreements relating to the protection of the environment, to the effect of the environment on human health or to emissions, discharges or releases of pollutants, contaminants, hazardous or toxic substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous or toxic substances or wastes or the clean-up or other remediation thereof.

"Equity Issuance" means any issuance of equity securities, or any sale or other transfer of treasury stock, by the Borrower or any of its Subsidiaries, other than equity securities issued to, or treasury stock sold or transferred to, the Borrower or any of its Subsidiaries.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means the Borrower, any Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary, are treated as a single employer under subsection (b), (c), (m) or (o) of Section 414 of the Internal Revenue Code.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its

Euro-Dollar Lending Office by notice to the Borrower and the Administrative Agent.

"Euro-Dollar Loan" means a Committed Loan which bears interest at a Euro-Dollar Rate pursuant to the applicable Notice of Committed Borrowing or Notice of Interest Rate Election.

"Euro-Dollar Margin" has the meaning set forth in Section 2.07(c).

"Euro-Dollar Rate" means a rate of interest determined pursuant to Section 2.07(c) on the basis of an Adjusted London Interbank Offered Rate.

"Euro-Dollar Reference Banks" means the principal London offices of The Bank of New York, NationsBank and Morgan.

"Euro-Dollar Reserve Percentage" has the meaning set forth in Section 2.07(c).

"Event of Default" has the meaning set forth in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Existing Banks" means the Banks that are parties to the Existing Credit Agreement.

"Existing Credit Agreement" means the $1,000,000,000 Three-Year Credit Agreement dated as of May 26, 1995, as heretofore amended, among the Borrower, the Banks party thereto and the Agents, Arranging Agents, LC Agent, Documentation Agent, Administrative Agent and Swingline Bank referred to therein.

"Extension of Credit" means the making of a Loan or a Swingline Loan or the issuance or extension of a Letter of Credit.

"Facility Fee Rate" has the meaning set forth in Section 2.09.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New

York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to The Bank of New York on such day on such transactions as determined by the Administrative Agent.

"Fiscal Quarter" means a fiscal quarter of the Borrower.

"Fiscal Year" means a fiscal year of the Borrower. A Fiscal Year is identified by the calendar year which includes approximately eleven months of such Fiscal Year (e.g., Fiscal Year 1995 refers to the Fiscal Year that ended on January 27, 1996).

"Fixed Rate Loan" means any loan except a Loan that bears interest at the Base Rate.

"Group of Loans" or "Group" means at any time a group of Committed Loans consisting of (i) all Committed Loans which are Base Rate Loans at such time, (ii) all Euro-Dollar Loans having the same Interest Period at such time or (iii) all CD Loans having the same Interest Period at such time; provided that if a Committed Loan of any particular Bank is converted to or made as a Base Rate Loan pursuant to Section 8.02 or 8.05, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been in if it had not been so converted or made.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit, in either case in

the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Immaterial Subsidiaries" means at any time one or more Subsidiaries that in the aggregate did not account for (i) more than 5% of the consolidated revenues or consolidated net income of the Borrower and its Consolidated Subsidiaries for the then most recent Fiscal Year for which audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries have been delivered to the Banks or (ii) more than 5% of the consolidated assets of the Borrower and its Consolidated Subsidiaries at the end of such Fiscal Year.

"Indemnitee" has the meaning set forth in Section 9.03(b).

"Interest Expense" means, for any period, the consolidated interest expense (net of interest income) of the Borrower and its Consolidated Subsidiaries for such period, calculated in the same manner as the amounts shown as "interest expense, net" under the heading "Interest expense" on page 16 of the Borrower's 1995 Annual Report to its shareholders.

"Interest Period" means: (1) with respect to each Euro-Dollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Committed Borrowing or on the date specified in the applicable Notice of Interest Rate Election and ending one, two, three or six months thereafter, as the Borrower may elect in the applicable notice; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(2) with respect to each CD Loan, a period commencing on the date of borrowing specified in the applicable Notice of Committed Borrowing or on the date specified in the applicable Notice of Interest Rate Election and ending 30, 60, 90 or 180 days thereafter, as the Borrower may elect in the applicable notice; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(3) with respect to each Money Market LIBOR Loan, the period commencing on the date such Loan is made and ending such whole number of months thereafter as the Borrower may elect in accordance with Section 2.03; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

(4) with respect to each Money Market Absolute Rate Loan, the period commencing on the date such Loan is made and ending such number of days thereafter (but not less than 14 days) as the Borrower may elect in accordance with Section 2.03; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

"Investment" means any investment in any Person, whether by means of share purchase, capital contribution, loan, time deposit or otherwise.

"Invitation for Money Market Quotes" means an Invitation for Money Market Quotes substantially in the form of Exhibit D hereto.

"LC Agent" means The Bank of New York in its capacities as letter of credit agent in connection with the letter of credit facility provided hereunder and as the issuer of the letters of credit issued or to be issued hereunder, and its successors in such capacities.

"LC Exposure" means, with respect to any Bank at any time, an amount equal to its Pro Rata Share of the Aggregate LC Exposure at such time.

"LC Indemnitees" has the meaning set forth in Section 2.17(m).

"LC Office" means, with respect to the LC Agent, the office at which the LC Agent books a Letter of Credit.

"Letter of Credit" means a letter of credit issued or to be issued hereunder by the LC Agent.

"LIBOR Auction" means a solicitation of Money Market Quotes setting forth Money Market Margins based on the London Interbank Offered Rate pursuant to Section 2.03.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, in respect of such asset. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loan" means a Committed Loan or a Money Market Loan and "Loans" means Committed Loans or Money Market Loans or any combination of the foregoing. The term "Loan" does not include a Swingline Loan.

"London Interbank Offered Rate" has the meaning set forth in Section 2.07(c).

"Material Adverse Effect" means a material adverse effect on (i) the business, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or (ii) the ability of the Borrower to perform, or of any Bank Party to enforce, any payment obligation of the Borrower under this Agreement, the Notes and the Swingline Note.

"Material Assets" means at any time assets that accounted for more than 5% of the aggregate book value of the consolidated assets of the Borrower and its Consolidated Subsidiaries at the end of the then most recent Fiscal Year for which audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries have been delivered to the Banks.

"Material Debt" means Debt (other than the Loans, Swingline Loans and Reimbursement Obligations) of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal or face amount exceeding $25,000,000.

"Material Plan" means at any time a Plan (or any two or more Plans, each of which has Unfunded Liabilities) having aggregate Unfunded Liabilities in excess of $25,000,000.

"Money Market Absolute Rate" has the meaning set forth in Section 2.03(d).

"Money Market Absolute Rate Loan" means a loan made or to be made by a Bank pursuant to an Absolute Rate Auction.

"Money Market Lending Office" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Money Market Lending Office by notice to the Borrower and the Administrative Agent; provided that any Bank may from time to time by notice to the Borrower and the Administrative Agent designate separate Money Market Lending Offices for its Money Market LIBOR Loans, on the one hand, and its Money Market Absolute Rate Loans, on the other hand,

in which case all references herein to the Money Market Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Money Market LIBOR Loan" means a loan made or to be made by a Bank pursuant to a LIBOR Auction (including such a loan bearing interest at the rate applicable to Base Rate Loans by reason of clause (a) of Section 8.01).

"Money Market Loan" means a Money Market LIBOR Loan or a Money Market Absolute Rate Loan.

"Money Market Margin" has the meaning set forth in Section 2.03(d).

"Money Market Quote" means an offer by a Bank to make a Money Market Loan in accordance with Section 2.03 substantially in the form of Exhibit E hereto.

"Money Market Quote Request" means a Money Market Quote Request substantially in the form of Exhibit C hereto.

"Morgan" means Morgan Guaranty Trust Company of New York.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

"NationsBank" means NationsBank, N.A.

"Non-Trade LC Fee Rate" means a rate per annum determined in accordance with the Pricing Schedule.

"Notes" means promissory notes of the Borrower, substantially in the form of Exhibit A hereto, evidencing the obligation of the Borrower to repay the Loans, and "Note" means any one of such promissory notes issued hereunder.

"Notice of Borrowing" means a Notice of Committed Borrowing or a Notice of Money Market Borrowing.

"Notice of Committed Borrowing" has the meaning set forth in Section 2.02.

"Notice of Interest Rate Election" has the meaning set forth in Section 2.08.

"Notice of Money Market Borrowing" has the meaning set forth in Section 2.03(f).

"Notice of Swingline Borrowing" has the meaning set forth in Section 2.18(b).

"Outstanding Committed Amount" means, with respect to any Bank at any time, the sum of (i) the aggregate outstanding principal amount of its Committed Loans, (ii) its Pro Rata Share of the aggregate outstanding principal amount of the Swingline Loans (if any) and (iii) its LC Exposure, all determined at such time after giving effect to any prior assignments by or to such Bank pursuant to Section 8.06 or 9.06(c).

"Parent" means, with respect to any Bank Party, any Person controlling such Bank Party.

"Participant" has the meaning set forth in Section 9.06(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"Pricing Schedule" means the Pricing Schedule attached hereto.

"Prime Rate" means a rate of interest per annum equal to the rate of interest publicly announced from time

to time in New York City by The Bank of New York as its prime commercial lending rate, such rate to be adjusted automatically (without notice) on the effective date of any change in such publicly announced rate.

"Pro Rata Share" means, with respect to any Bank at any time, a fraction the numerator of which is the amount of such Bank's Commitment at such time and the denominator of which is the Total Commitments at such time.

"Public Debt Issuance" means the issuance of any Debt by the Borrower or any of its Subsidiaries for cash in a transaction that is required to be registered with the SEC (or would have been required to be registered with the SEC if such transaction had occurred within the United States).

"Reference Banks" means the CD Reference Banks or the Euro-Dollar Reference Banks, as the context may require, and "Reference Bank" means any one of such Reference Banks.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Reimbursement Obligation" means any obligation of the Borrower to reimburse the LC Agent pursuant to Section 2.17 for amounts paid by the LC Agent in respect of drawings under Letters of Credit, including any portion of any such obligation to which a Bank has become subrogated pursuant to paragraph (1) of Section 2.17(j).

"Requesting Banks" means at any time one or more Banks having at least 15% of the aggregate amount of the Commitments.

"Required Banks" means at any time Banks having at least 66 2/3% of the aggregate amount of the Credit Exposures at such time.

"Responsible Officer" means, with respect to the Borrower, its chief operating officer, its chief financial officer, its general counsel, its treasurer, any assistant treasurer or any other officer whose duties include the administration of this Agreement.

"SEC" means the Securities and Exchange Commission.

"Subsidiary" means, as to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a

majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person; unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"Swingline Bank" means The Bank of New York, in its capacity as the Swingline Bank under the swingline facility described in Section 2.18, and its successors in such capacity.

"Swingline Commitment" means the obligation of the Swingline Bank to make Swingline Loans to the Borrower in an aggregate principal amount at any one time outstanding not to exceed $50,000,000.

"Swingline Loan" means a loan made by the Swingline Bank pursuant to Section 2.18(a).

"Swingline Loan Availability Period" means the period from and including the Effective Date to but excluding the Swingline Maturity Date.

"Swingline Maturity Date" means the day that is 30 days before the Termination Date.

"Swingline Note" means a promissory note of the Borrower, substantially in the form of Exhibit B hereto, evidencing the obligation of the Borrower to repay the Swingline Loans.

"Termination Date" means April 9, 2002, or, if such day is not a Euro-Dollar Business Day, the next succeeding Euro-Dollar Business Day.

"Total Borrowed Funds" means at any date the sum, without duplication, of

(i) Consolidated Debt at such date,

(ii) the present value of operating lease commitments of the Borrower and its Consolidated Subsidiaries, and

(iii) the present value of third-party operating lease payments under guarantees entered into after the date hereof by the Borrower and its Consolidated Subsidiaries.

The present value referred to in clause (ii) of this definition shall be deemed to be $2,036,000,000 (being the "present value of operating lease commitments" of the

Borrower and its Consolidated Subsidiaries at January 25, 1997) until the first officer's certificate to be delivered pursuant to Section 5.01(e) is delivered, and thereafter shall be deemed to be the amount set forth as the present value of operating lease commitments at the end of the applicable Fiscal Year in the officer's certificate delivered most recently pursuant to Section 5.01(e). The present value referred to in clause (iii) of this definition shall be deemed to be zero until the first officer's certificate to be delivered pursuant to Section 5.01(e) is delivered, and thereafter shall be deemed to be the amount set forth as the present value of third-party operating lease payments guaranteed by the Borrower and its Consolidated Subsidiaries at the end of the applicable Fiscal Year in the officer's certificate delivered most recently pursuant to Section 5.01(e).

"Total Capitalization" means at any date the sum of (i) Total Borrowed Funds at such date and (ii) Consolidated Tangible Net Worth at such date.

"Total Commitments" means, at any time, the aggregate amount of the Commitments (whether used or unused) at such time.

"Total Usage" means, at any time, the sum of (i) the aggregate outstanding principal amount of all Loans and Swingline Loans and (ii) the Aggregate LC Exposure, all determined at such time.

"UCP" means the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be revised or amended from time to time.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"United States" means the United States of America, including the States thereof and the District of Columbia, but excluding its territories and possessions.

SECTION 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its Consolidated Subsidiaries delivered to the Banks; provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any provision hereof to eliminate the effect of any change in generally accepted accounting principles on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Banks wish to amend any provision hereof for such purpose), then such provision shall be applied on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such provision is amended in a manner satisfactory to the Borrower and the Required Banks.

SECTION 1.03. Types of Borrowings. The term "Borrowing" denotes the aggregation of Loans of one or more Banks to be made to the Borrower pursuant to Article II on the same date, all of which Loans are of the same type (subject to Article VIII) and, except in the case of Base Rate Loans, have the same Interest Period or initial Interest Period. Borrowings are classified for purposes of this Agreement either by reference to the pricing of Loans comprising such Borrowing (e.g., a "Euro-Dollar Borrowing" is a Borrowing comprised of Euro-Dollar Loans) or by reference to the provisions of Article II under which participation therein is determined (i.e., a "Committed Borrowing" is a Borrowing under Section 2.01 in which all Banks participate in proportion to their Commitments, while a "Money Market Borrowing" is a Borrowing under Section 2.03 in which the Bank participants are determined on the basis of their bids).

ARTICLE II

THE CREDITS

SECTION 2.01. Commitments to Lend. Each Bank severally agrees, on the terms and conditions set forth in this Agreement, to make loans to the Borrower pursuant to this Section from time to time on and after the Effective Date and prior to the Termination Date; provided that, immediately after each such loan is made (and after giving effect to any substantially concurrent application of the proceeds thereof to repay outstanding Loans and Swingline Loans):

(i) such Bank's Outstanding Committed Amount shall not exceed its Commitment; and

(ii) the Total Usage shall not exceed the Total Commitments.

Each Borrowing under this Section shall be in an aggregate principal amount of $25,000,000 or any larger multiple of $1,000,000; provided that (x) any such Borrowing may be in an aggregate amount equal to the aggregate unused amount of the Commitments and (y) if such Borrowing is made on the Swingline Maturity Date, such Borrowing may be in the aggregate amount of the Swingline Loans outstanding on such date. Each such Borrowing shall be made from the several Banks ratably in proportion to their respective Commitments. Within the foregoing limits, the Borrower may borrow under this Section , prepay Loans to the extent permitted by Section 2.12, and reborrow under this Section at any time prior to the Termination Date.

SECTION 2.02. Notice of Committed Borrowing. The Borrower shall give the Administrative Agent notice (a "Notice of Committed Borrowing") not later than 11:00 A.M. (New York City time) on (x) the date of each Base Rate Borrowing, (y) the second Domestic Business Day before each CD Borrowing and (z) the third Euro-Dollar Business Day before each Euro-Dollar Borrowing, specifying:

(a) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Domestic Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing,

(b) the aggregate amount of such Borrowing,

(c) whether the Loans comprising such Borrowing are to bear interest initially at the Base Rate, a CD Rate or a Euro-Dollar Rate, and

(d) if such Borrowing is a CD Borrowing or Euro Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

SECTION 2.03. Money Market Borrowings.

(a) The Money Market Option. In addition to Committed Borrowings pursuant to Section 2.01, the Borrower may, as set forth in this Section, request the Banks to make offers to make Money Market Loans to the Borrower from time to time prior to the Termination Date. The Banks may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) Money Market Quote Request. When the Borrower wishes to request offers to make Money Market Loans under this Section , it shall transmit to the Administrative Agent by telex or facsimile transmission a Money Market Quote Request so as to be received no later than 11:00 A.M. (New York City time) on (x) the fifth Euro-Dollar Business Day prior to the date of Borrowing proposed therein, in the case of a LIBOR Auction or (y) the Domestic Business Day next preceding the date of Borrowing proposed therein, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective) specifying:

(i) the proposed date of Borrowing, which shall be a Euro-Dollar Business Day in the case of a LIBOR Auction or a Domestic Business Day in the case of an Absolute Rate Auction,

(ii) the aggregate amount of such Borrowing, which shall be $25,000,000 or a larger multiple of $1,000,000,

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period, and

(iv) whether the Money Market Quotes requested are to set forth a Money Market Margin or a Money Market Absolute Rate.

The Borrower may request offers to make Money Market Loans for more than one Interest Period in a single Money Market Quote Request. No Money Market Quote Request shall be given within five Euro-Dollar Business Days (or such other number of days as the Borrower and the Administrative Agent may agree) of any other Money Market Quote Request.

(c) Invitation for Money Market Quotes. Promptly upon receipt of a Money Market Quote Request, the Administrative Agent shall send to the Banks by telex or facsimile transmission an Invitation for Money Market Quotes, which shall constitute an invitation by the Borrower to each Bank to submit Money Market Quotes offering to make the Money Market Loans to which such Money Market Quote Request relates in accordance with this Section.

(d) Submission and Contents of Money Market Quotes. (i) Each Bank may submit a Money Market Quote containing an offer or offers to make Money Market Loans in response to any Invitation for Money Market Quotes. Each Money Market Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by telex or facsimile transmission at its offices specified in or pursuant to Section 9.01 not later than (x) 2:00 P.M. (New York City time) on the fourth Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (y) 9:30 A.M. (New York City time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective); provided that Money Market Quotes submitted by the Administrative Agent (or any affiliate of the Administrative Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Administrative Agent or such affiliate notifies the Borrower of the terms of the offer or offers contained therein not later than (x) one hour prior to the deadline for the other Banks, in the case of a LIBOR Auction or (y) 15 minutes prior to the deadline for the other Banks, in the case of an Absolute Rate Auction. Subject to Articles III and VI, any Money Market Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Borrower.

(ii) Each Money Market Quote shall be in substantially the form of Exhibit E hereto and shall in any case specify:

(A) the proposed date of Borrowing,

(B) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the principal amount of Money Market Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Money Market Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a LIBOR Auction, the margin above or below the applicable London Interbank Offered Rate (the "Money Market Margin") offered for each such Money Market Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such base rate,

(D) in the case of an Absolute Rate Auction, the rate of interest per annum (specified to the nearest 1/10,000th of 1%) (the "Money Market Absolute Rate") offered for each such Money Market Loan, and

(E) the identity of the quoting Bank.

A Money Market Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Money Market Quotes.

(iii) Any Money Market Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit E hereto or does not specify all of the information required by subsection (d)(ii);

(B) contains qualifying, conditional or similar language, except an aggregate limitation permitted by subsection (d)(ii)(B)(z);

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Money Market Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

(e) Notice to Borrower. The Administrative Agent shall promptly notify the Borrower of the terms (x) of any Money Market Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Bank with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Administrative Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Administrative Agent's notice to the Borrower shall specify (A) the aggregate principal amount of Money Market Loans for which offers have been received for each Interest Period specified in the related Money Market Quote Request, (B) the respective principal amounts and Money Market Margins or Money Market Absolute Rates, as the case may be, so offered and (C) if applicable, limitations on the aggregate principal amount of Money Market Loans for which offers in any single Money Market Quote may be accepted.

(f) Acceptance and Notice by Borrower. Not later than 10:30 A.M. (New York City time) on (x) the third Euro-Dollar Business Day prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (y) the proposed date of Borrowing, in the case of an Absolute Rate Auction (or, in either case, such other time or date as the Borrower and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first LIBOR Auction or Absolute Rate Auction for which such change is to be effective), the Borrower shall notify the Administrative Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). In the case of acceptance, such notice (a "Notice of Money Market Borrowing") shall specify the aggregate principal amount of offers for each Interest Period that are accepted. The Borrower may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Money Market Borrowing may not exceed the applicable amount set forth in the related Money Market Quote Request,

(ii) the principal amount of each Money Market Borrowing must be $25,000,000 or a larger multiple of $1,000,000,

(iii) acceptance of offers may only be made on the basis of ascending Money Market Margins or Money Market Absolute Rates, as the case may be,

(iv) the Borrower may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement, and

(v) immediately after such Money Market Borrowing is made (and after giving effect to any substantially concurrent application of the proceeds thereof to repay outstanding Loans and Swingline Loans), the Total Usage shall not exceed the Total Commitments.

(g) Allocation by Administrative Agent. If offers are made by two or more Banks with the same Money Market Margins or Money Market Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in multiples of $1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Administrative Agent of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

SECTION 2.04. Notice to Banks; Funding of Loans.

(a) Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's share (if any) of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Not later than 1:00 P.M. (New York City time) on the date of each Borrowing, each Bank participating therein shall make available its share of such Borrowing, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address referred to in Section 9.01. Unless the Administrative Agent determines that any applicable condition specified in Article III has not been satisfied (which determination may, in the case of Section 3.02 (c), be based in part on information supplied by the LC Agent on the date of such Borrowing as to the Aggregate LC Exposure on such date), the Administrative Agent shall (i) apply the funds so received from the Banks to repay all Swingline Loans (if any) then outstanding,

together with interest accrued thereon and any other associated expenses, and (ii) make the remainder of such funds available to the Borrower not later than 2:00 P.M. (New York City time) at the Administrative Agent's aforesaid address.

(c) Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's share of such Borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section 2.04 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.07 and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan included in such Borrowing for purposes of this Agreement.

SECTION 2.05. Notes. (a) The Loans of each Bank shall be evidenced by a single Note payable to the order of such Bank for the account of its Applicable Lending Office in an amount equal to the aggregate unpaid principal amount of such Bank's Loans.

(b) Each Bank may, by notice to the Borrower and the Administrative Agent, request that its Loans of a particular type be evidenced by a separate Note in an amount equal to the aggregate unpaid principal amount of such Loans. Each such Note shall be in substantially the form of Exhibit A hereto with appropriate modifications to reflect the fact that it evidences solely Loans of the relevant type. Each reference in this Agreement to the "Note" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt of each Bank's Note pursuant to Section 3.01(b), the Administrative Agent shall forward such Note to such Bank. Each Bank shall record the date and

amount of each Loan made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and may, if such Bank so elects in connection with any transfer or enforcement of its Note, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; provided that neither the failure by any Bank to make any such recordation or endorsement, nor any error therein, shall affect the obligations of the Borrower hereunder or under the Notes. Each Bank is hereby irrevocably authorized by the Borrower so to endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

SECTION 2.06. Maturity of Loans. (a) Each Committed Loan shall mature, and the principal amount thereof shall be due and payable, on the Termination Date.

(b) Each Money Market Loan included in any Money Market Borrowing shall mature and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable to such Borrowing.

SECTION 2.07. Interest Rates. (a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due or is converted, at a rate per annum equal to the Base Rate for such day. Subject to Section 2.06, such interest shall be payable for each calendar month in arrears on the last Domestic Business Day thereof and, with respect to the principal amount of any Base Rate Loan converted to a CD Loan or a Euro-Dollar Loan, on the date such principal amount is so converted. Any overdue principal of or interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the Base Rate for such day.

(b) Each CD Loan shall bear interest on the outstanding principal amount thereof, for each day during each Interest Period applicable thereto, at a rate per annum equal to the sum of the CD Margin for such day plus the Adjusted CD Rate applicable to such Interest Period; provided that if any CD Loan or any portion thereof shall, as a result of clause (2)(b) of the definition of Interest Period, have an Interest Period of less than 30 days, such portion shall bear interest for each day during such Interest Period at the rate applicable to Base Rate Loans for such day. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than 90 days, 90 days after the

first day thereof. Any overdue principal of or interest on any CD Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the higher of (i) the sum of the CD Margin for such day plus the Adjusted CD Rate applicable to such Loan immediately before such payment became due and (ii) the Base Rate for such day.

"CD Margin" means a rate per annum determined in accordance with the Pricing Schedule.

The "Adjusted CD Rate" applicable to any Interest Period means a rate per annum determined pursuant to the following formula:

$$ACDR = \left[\frac{CDBR}{1.00 - DRP} \right]^{*} + AR$$

ACDR = Adjusted CD Rate
CDBR = CD Base Rate
DRP = Domestic Reserve Percentage
AR = Assessment Rate

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* The amount in brackets being rounded upward, if necessary, to the next higher 1/100 of 1%

The "CD Base Rate" applicable to any Interest Period is the rate of interest determined by the Administrative Agent to be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the prevailing rates per annum bid at 10:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period by two or more New York certificate of deposit dealers of recognized standing for the purchase at face value from each CD Reference Bank of its certificates of deposit in an amount comparable to the principal amount of the CD Loan of such CD Reference Bank to which such Interest Period applies and having a maturity comparable to such Interest Period.

"Domestic Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System in New York

City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the related Interest Period and in an amount of $100,000 or more. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

"Assessment Rate" means for any day the annual assessment rate in effect on such day which is payable by a member of the Bank Insurance Fund classified as adequately capitalized and within supervisory subgroup "A" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. Section 327.4(a) (or any successor provision) to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring time deposits at offices of such institution in the United States. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Assessment Rate.

(c) Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during each Interest Period applicable thereto, at a rate per annum equal to the sum of the Euro-Dollar Margin for such day plus the Adjusted London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, three months after the first day thereof.

"Euro-Dollar Margin" means a rate per annum determined in accordance with the Pricing Schedule.

The "Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

The "London Interbank Offered Rate" applicable to any Interest Period means the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the respective rates per annum at which deposits in dollars are offered to each of the Euro-Dollar Reference Banks in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Loan of such Euro-Dollar

Reference Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

(d) Any overdue principal of or interest on any Euro-Dollar Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the higher of (i) the sum of 2% plus the Euro-Dollar Margin for such day plus the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (x) the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the respective rates per annum at which one day (or, if such amount due remains unpaid more than three Euro-Dollar Business Days, then for such other period of time not longer than three months as the Administrative Agent may select) deposits in dollars in an amount approximately equal to such overdue payment due to each of the Euro-Dollar Reference Banks are offered to such Euro-Dollar Reference Bank in the London interbank market for the applicable period determined as provided above by (y) 1.00 minus the Euro-Dollar Reserve Percentage (or, if the circumstances described in clause (a) or (b) of Section 8.01 shall exist, at a rate per annum equal to the sum of 2% plus the Base Rate for such day) and (ii) the sum of 2% plus the Euro-Dollar Margin for such day plus the Adjusted London Interbank Offered Rate applicable to such Loan immediately before such payment became due.

(e) Subject to Section 8.01, each Money Market LIBOR Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the London Interbank Offered Rate for such Interest Period (determined in accordance with Section 2.07(c) as if the related Money Market LIBOR Borrowing were a Committed Euro-Dollar

Borrowing) plus (or minus) the Money Market Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Money Market Absolute Rate Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the Money Market Absolute Rate quoted by the Bank making such Loan in accordance with Section 2.03. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof. Any overdue principal of or interest on any Money Market Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 2% plus the Base Rate for such day.

(f) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Borrower and the participating Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(g) Each Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent as contemplated by this Section . If any Reference Bank does not furnish a timely quotation, the Administrative Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Banks or, if none of such quotations is available on a timely basis, the provisions of Section 8.01 shall apply.

SECTION 2.08. Method of Electing Interest Rates. (a) The Loans included in each Committed Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Committed Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Group of Loans (subject in each case to the provisions of Article VIII), as follows:

(i) if such Loans are Base Rate Loans, the Borrower may elect to convert such Loans to CD Loans as of any Domestic Business Day or to Euro-Dollar Loans as of any Euro-Dollar Business Day;

(ii) if such Loans are CD Loans, the Borrower may elect to convert such Loans to Base Rate Loans or Euro-Dollar Loans or elect to continue such Loans as CD Loans for an additional Interest Period, in each case

effective on the last day of the then current Interest Period applicable to such Loans; or

(iii) if such Loans are Euro-Dollar Loans, the Borrower may elect to convert such Loans to Base Rate Loans or CD Loans or elect to continue such Loans as Euro-Dollar Loans for an additional Interest Period, in each case effective on the last day of the then current Interest Period applicable to such Loans.

Each such election shall be made by delivering a notice (a "Notice of Interest Rate Election") to the Administrative Agent at least three Euro-Dollar Business Days before the conversion or continuation selected in such notice is to be effective (unless the relevant Loans are to be converted from Domestic Loans to Domestic Loans of the other type or continued as Domestic Loans of the same type for an additional Interest Period, in which case such notice shall be delivered to the Administrative Agent at least three Domestic Business Days before such conversion or continuation is to be effective). A Notice of Interest Rate Election may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant Group of Loans; provided that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such notice applies, and the remaining portion to which it does not apply, are each $25,000,000 or any larger multiple of $1,000,000.

(b) Each Notice of Interest Rate Election shall specify:

(i) the Group of Loans (or portion thereof) to which such notice applies;

(ii) the date on which the conversion or continuation selected in such notice is to be effective, which shall comply with the applicable clause of subsection (a) above;

(iii) if the Loans comprising such Group are to be converted, the new type of Loans and, if such new Loans are CD Loans or Euro-Dollar Loans, the duration of the initial Interest Period applicable thereto; and

(iv) if such Loans are to be continued as CD Loans or Euro-Dollar Loans for an additional Interest Period, the duration of such additional Interest Period.

Each Interest Period specified in a Notice of Interest Rate Election shall comply with the provisions of the definition of Interest Period.

(c) Upon receipt of a Notice of Interest Rate Election from the Borrower pursuant to subsection (a) above, the Administrative Agent shall promptly notify each Bank of the contents thereof and such notice shall not thereafter be revocable by the Borrower. If the Borrower fails to deliver a timely Notice of Interest Rate Election to the Administrative Agent for any Group of CD Loans or Euro-Dollar Loans, such Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto.

SECTION 2.09. Facility Fees. The Borrower shall pay to the Administrative Agent for the account of each Bank a facility fee, calculated for each day at the Facility Fee Rate for such day, on the amount of such Bank's Credit Exposure on such day. Such facility fees shall accrue for each day from and including the Effective Date to but excluding the day on which the Credit Exposures are reduced to zero and shall be payable quarterly in arrears on each September 27, December 27, March 27 and June 27 and on the day on which the Credit Exposures are reduced to zero.

"Facility Fee Rate" means a rate per annum determined daily in accordance with the Pricing Schedule.

SECTION 2.10. Optional Termination or Reduction of Commitments.(a) The Borrower may, without premium or penalty, upon at least three Domestic Business Days' notice to the Administrative Agent, (i) terminate the Commitments at any time, if no Bank has an Outstanding Committed Amount at such time or (ii) ratably reduce the Commitments from time to time, in each case by an aggregate amount of at least $25,000,000; provided that immediately after such reduction:

(x) no Bank's Outstanding Committed Amount shall exceed its Commitment as so reduced; and

(y) the Total Usage shall not exceed the Total Commitments.

Upon any such termination or reduction of the Commitments, the Administrative Agent shall promptly notify each Bank of such termination or reduction.

(b) The Borrower may, upon at least three Domestic Business Days' notice to the Administrative Agent,

terminate the Swingline Commitment at any time, if no Swingline Loans are outstanding at such time.

(c) If the Borrower wishes to replace this Agreement with another credit agreement at any time, the Borrower may, on the date when such other credit agreement becomes effective, terminate the Commitments hereunder and prepay any and all Committed Loans and Swingline Loans then outstanding hereunder; provided that:

(i) the Borrower notifies each Bank as to the possibility of such termination and such prepayment (if any) at least three Euro-Dollar Business Days prior thereto;

(ii) the Borrower gives definitive notice of such termination and such prepayment (if any) to the Administrative Agent before 10:00 A.M. (New York City time) on the date of such termination;

(iii) all Committed Loans, Swingline Loans and Reimbursement Obligations outstanding on the date of such termination (together with accrued interest thereon) are paid in full on such date;

(iv) in connection with any prepayment of Committed Loans or Swingline Loans on such date, the Borrower complies with the requirements of subsections (a) and (b) of Section 2.12, Section 2.14 and subsection (d) of Section 2.18 in all respects except the timing of definitive notice of such prepayment; and

(v) no Letter of Credit issued hereunder remains outstanding after the date of such termination unless the LC Agent shall have agreed to allow such Letter of Credit to remain outstanding after the Commitments (and the Banks' participations in such Letter of Credit) terminate.

SECTION 2.11. Mandatory Termination of Commitments. (a) The Commitments shall terminate on the Termination Date and any Committed Loans then outstanding (together with accrued interest thereon) shall be due and payable on such date.

(b) The Swingline Commitment shall terminate on the Swingline Maturity Date and any Swingline Loans then outstanding (together with accrued interest thereon) shall be due and payable on such date.

SECTION 2.12. Optional and Mandatory Prepayments. (a) The Borrower may upon at least one Domestic Business Day's notice to the Administrative Agent, prepay the Base Rate Loans (or any Money Market Borrowing bearing interest at the Base Rate by reason of clause (a) of Section 8.01) in whole at any time, or from time to time in part in amounts aggregating $10,000,000 or any larger multiple of $1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Base Rate Loans of the several Banks (or the Money Market Loans included in such Money Market Borrowing).

(b) Subject to Section 2.14, the Borrower may, upon at least two Domestic Business Days' notice to the Administrative Agent, in the case of a Group of CD Loans or upon at least three Euro-Dollar Business Days' notice to the Administrative Agent, in the case of a Group of Euro-Dollar Loans, prepay the Loans comprising such a Group, in whole at any time, or from time to time in part in amounts aggregating $10,000,000 or any larger multiple of $1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Banks included in such Group.

(c) In connection with any substitution of Banks pursuant to Section 8.06, the Borrower may prepay the Loans of the Bank being replaced, as provided in clause (ii) of Section 8.06.

(d) Except as provided in Section 2.12(a), the Borrower may not prepay all or any portion of the principal amount of any Money Market Loan prior to the maturity thereof.

(e) Upon receipt of a notice of prepayment pursuant to this Section, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share (if any) of such prepayment and such notice shall not thereafter be revocable by the Borrower.

SECTION 2.13. General Provisions as to Payments. (a) The Borrower shall make (i) each payment of principal

of, and interest on, the Loans and of fees hereunder, not later than 12:00 Noon (New York City time) on the date when due, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address referred to in Section 9.01 and (ii) each payment of Reimbursement Obligations and any other amounts payable in connection with the Letters of Credit in accordance with the provisions of Section 2.17. The Administrative Agent will promptly distribute to each Bank its ratable share of each such payment received by the Administrative Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Domestic Loans or Swingline Loans or of fees or of Reimbursement Obligations shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, any Euro-Dollar Loans or Money Market LIBOR Loan shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. Whenever any payment of principal of, or interest on, any Money Market Absolute Rate Loan shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day. If the date for any payment of principal or any Reimbursement Obligation is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Borrower shall not have so made such payment, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.14. Funding Losses. If the Borrower makes any payment of principal with respect to any Fixed Rate Loan or any such Loan is converted to a Base Rate Loan

(pursuant to Article II, VI or VIII or otherwise) on any day other than the last day of an Interest Period applicable thereto, or the last day of an applicable period fixed pursuant to Section 2.07(d), or if the Borrower fails to borrow or prepay any Fixed Rate Loans or fails to continue any CD Loan or Euro-Dollar Loans for an additional Interest Period or fails to convert any outstanding Loans to CD Loans or Euro-Dollar Loans, in each case after notice of such borrowing, prepayment, continuation or conversion has been given to any Bank in accordance with Section 2.04(a), 2.08(c) or 2.12(e), the Borrower shall reimburse each Bank within 15 days after demand for any resulting loss or expense incurred by it (or by an existing or prospective Participant in the related Loan), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or conversion or failure to borrow, prepay, continue or convert, provided that such Bank shall have delivered to the Borrower a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

SECTION 2.15. Computation of Interest and Fees. Interest based on the Prime Rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and facility fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.16. Termination of Existing Credit Agreement. On the Effective Date the commitments of the Existing Banks under the Existing Credit Agreement shall terminate and the Borrower shall pay in full the principal of and accrued interest on all loans then outstanding thereunder and all facility fees accrued thereunder to but excluding the Effective Date.

SECTION 2.17. Letters of Credit.

(a) Issuance of Letters of Credit. The LC Agent agrees, on the terms and conditions set forth in this Agreement, to issue Letters of Credit for the account of the Borrower from time to time during the period from and including the Effective Date to but excluding the date that is 30 days before the Termination Date; provided that, immediately after each such Letter of Credit is issued:

(i) the Aggregate LC Exposure shall not exceed $200,000,000 (of which the aggregate amount attributable to standby Letters of Credit will not exceed $75,000,000);

(ii) in the case of each Bank, its Outstanding Committed Amount shall not exceed its Commitment; and

(iii) the Total Usage shall not exceed the Total Commitments.

Upon the issuance by the LC Agent of each Letter of Credit pursuant to this subsection (a), the LC Agent shall be deemed, without further action by any party hereto, to have sold to each Bank and each Bank shall be deemed, without further action by any party hereto, to have purchased from the LC Agent, a participation in such Letter of Credit, on the terms set forth in this Section , equal to such Bank's Pro Rata Share thereof.

(b) Expiry Dates. No Letter of Credit shall have an expiry date later than the fifth Domestic Business Day prior to the Termination Date. Subject to the preceding sentence:

(i) each Letter of Credit shall, when issued, have an expiry date on or before the first anniversary of the date on which it is issued; and

(ii) the expiry date of any Letter of Credit may, at the request of the Borrower, be extended from time to time for a period not exceeding one year so long as the LC Agent agrees to so extend such Letter of Credit (or, in the case of an "evergreen" Letter of Credit, its right to give a notice to prevent the extension thereof expires) no earlier than three months before the then existing expiry date thereof.

(c) Notice of Proposed Issuance. The Borrower shall give the LC Agent and the Administrative Agent at least one Domestic Business Day's prior notice specifying the date each Letter of Credit is to be issued and describing the proposed terms of such Letter of Credit and the nature of the transactions proposed to be supported thereby.

(d) Conditions to Issuance. The LC Agent shall not issue any Letter of Credit unless:

(i) such Letter of Credit shall be satisfactory in form and reasonably satisfactory in substance to the LC Agent,

(ii) the Borrower shall have executed and delivered such other instruments and agreements relating to such Letter of Credit as the LC Agent shall have reasonably requested,

(iii) the LC Agent shall have determined (based on information supplied by the Administrative Agent on the date of such issuance as to the amounts specified in subsection (a) of this Section other than the Aggregate LC Exposure) that the limitations specified in subsection (a) of this Section will not be exceeded immediately after such Letter of Credit is issued, and

(iv) the LC Agent shall not have been notified in writing by the Borrower, the Administrative Agent or the Required Banks that any condition specified in clause (c), (d) or (e) of Section 3.02 is not satisfied on the date such Letter of Credit is to be issued.

(e) Notice of Proposed Extensions of Expiry Dates. The LC Agent shall give the Administrative Agent at least one Domestic Business Day's notice prior to extending the expiry date of any Letter of Credit (or, in the case of an "evergreen" Letter of Credit, allowing it to be extended), specifying (i) the date on which such extension is to be made and (ii) the date to which such expiry date is to be so extended. The LC Agent shall not extend (or allow the extension of) the expiry date of such Letter of Credit if it shall have been notified by the Borrower or the Administrative Agent (at the request of the Required Banks) that any condition specified in clause (d) or (e) of Section 3.02 is not satisfied on the date of such extension (or, in the case of an "evergreen" Letter of Credit, the day when the LC Agent's right to give a notice preventing such extension expires).

(f) Notice of Actual Issuances, Extensions and Amounts Available for Drawing. Promptly upon issuing any Letter of Credit or extending the expiry date of any Letter of Credit (or allowing the expiry date of any "evergreen" Letter of Credit to be extended), the LC Agent will notify the Administrative Agent of the date of such Letter of Credit, the amount thereof, the beneficiary or beneficiaries thereof and the expiry date or extended expiry date thereof. Within three Domestic Business Days after the end of each calendar month, the LC Agent shall notify the Administrative Agent and each Bank of (i) the daily average aggregate

amount available for drawings (whether or not conditions for drawing thereunder have been satisfied) under all Letters of Credit outstanding during such month, (ii) the aggregate amount of letter of credit fees accrued during such month pursuant to subsection (g) of this Section , (iii) each Bank's Pro Rata Share of such accrued letter of credit fees and (iv) the aggregate undrawn amount of all Letters of Credit outstanding at the end of such month.

(g) Fees. The Borrower shall pay to the LC Agent, for the account of the Banks ratably in accordance with their respective Pro Rata Shares, a letter of credit fee for each day (i) at the Non-Trade LC Fee Rate on the aggregate amount available for drawings (whether or not conditions for drawing thereunder have been satisfied) under all Letters of Credit (other than trade Letters of Credit) outstanding on such day and (ii) at a rate per annum equal to the Non-Trade LC Fee Rate less 0.125% on the aggregate amount available for drawings (whether or not conditions for drawing thereunder have been satisfied) under all trade Letters of Credit outstanding on such day. Such letter of credit fee shall be payable quarterly in arrears on the last Domestic Business Day of each calendar quarter and on the fifth Domestic Business Day before the Termination Date (or any earlier date on which the Commitments shall have terminated in their entirety and no Letters of Credit are outstanding). Promptly upon receiving any payment of such fee, the LC Agent will distribute to each Bank its Pro Rata Share thereof. In addition, the Borrower shall pay to the LC Agent for its own account fronting fees and reasonable expenses in the amounts and at the times agreed between the Borrower and the LC Agent.

(h) Drawings. Upon receipt from the beneficiary of any Letter of Credit of a demand for payment under such Letter of Credit, the LC Agent shall determine in accordance with the terms of such Letter of Credit whether such demand for payment should be honored. If the LC Agent determines that any such demand for payment should be honored, the LC Agent shall make available to such beneficiary in accordance with the terms of such Letter of Credit the amount of the drawing under such Letter of Credit. The LC Agent shall thereupon notify the Borrower of the amount of such drawing paid by it.

(i) Reimbursement and Other Payments by the Borrower. (1) If any amount is drawn under any Letter of Credit, the Borrower irrevocably and unconditionally agrees to reimburse the LC Agent for all amounts paid by the LC Agent upon such drawing, together with any and all reasonable charges and expenses which the LC Agent may pay

or incur relative to such drawing and interest on the amount drawn at the Federal Funds Rate for each day from and including the date such amount is drawn to but excluding the date such reimbursement payment is due and payable. Such reimbursement payment shall be due and payable (x) at or before 1:00 P.M. (New York City time) on the date the LC Agent notifies the Borrower of such drawing, if such notice is given at or before 10:00 A.M. (New York City time) on such date, or (y) at or before 10:00 A.M. (New York City time) on the first Domestic Business Day after the date such notice is given, if such notice is given after 10:00 A.M. (New York City time) on such date; provided that no payment otherwise required by this sentence to be made by the Borrower at or before 1:00 P.M. (New York City time) on any day shall be overdue hereunder if arrangements for such payment satisfactory to the LC Agent, in its reasonable discretion, shall have been made by the Borrower at or before 1:00 P.M. (New York City time) on such day and such payment is actually made at or before 3:00 P.M. (New York City time) on such day.

(2) In addition, the Borrower agrees to pay to the LC Agent interest on any and all amounts not paid by the Borrower when due hereunder with respect to a Letter of Credit, for each day from and including the date when such amount becomes due to but excluding the date such amount is paid in full, whether before or after judgment, payable on demand, at a rate per annum equal to the sum of 2% plus the Base Rate for such day.

(3) Each payment to be made by the Borrower pursuant to this subsection (i) shall be made to the LC Agent in Federal or other funds immediately available to it at its address referred to in Section 9.01.

(j) Payments by Banks with Respect to Letters of Credit. (1) If the Borrower fails to reimburse the LC Agent as and when required by subsection (i) above for all or any portion of any amount drawn under a Letter of Credit, the LC Agent may notify each Bank of such unreimbursed amount and request that each Bank reimburse the LC Agent for such Bank's Pro Rata Share thereof. Upon receiving such notice from the LC Agent, each Bank shall make available to the LC Agent, at its address referred to in Section 9.01, an amount equal to such Bank's share of such unreimbursed amount as set forth in such notice, in Federal or other funds immediately available to the LC Agent, by 3:00 P.M. (New York City time) on the Domestic Business Day following such Bank's receipt of such notice from the LC Agent, together with interest on such amount for each day from and including the date of such drawing to but excluding the day

such payment is due from such Bank at the Federal Funds Rate for such day. Upon payment in full thereof, such Bank shall be subrogated to the rights of the LC Agent against the Borrower to the extent of such Bank's Pro Rata Share of the related Reimbursement Obligation (including interest accrued thereon). Nothing in this subsection (j) shall affect any rights any Bank may have against the LC Agent for any action or omission for which the LC Agent is not indemnified under subsection (n) of this Section .

(2) If any Bank fails to pay any amount required to be paid by it pursuant to clause (1) of this subsection (j) on the date on which such payment is due, interest shall accrue on such Bank's obligation to make such payment, for each day from and including the date such payment became due to but excluding the date such Bank makes such payment, whether before or after judgment, at a rate per annum equal to the Federal Funds Rate for such day. Any payment made by any Bank after 3:00 P.M. (New York City time) on any Domestic Business Day shall be deemed for purposes of the preceding sentence to have been made on the next succeeding Domestic Business Day.

(3) If the Borrower shall reimburse the LC Agent for any drawing with respect to which any Bank shall have made funds available to the LC Agent in accordance with clause (1) of this subsection (j), the LC Agent shall promptly upon receipt of such reimbursement distribute to such Bank its Pro Rata Share thereof, including interest, to the extent received by the LC Agent.

(k) Exculpatory Provisions. The Borrower's obligations under this Section shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the LC Agent, any Bank, the beneficiary of any Letter of Credit or any other Person. The Borrower assumes all risks of the acts or omissions of any beneficiary of any Letter of Credit with respect to its use of such Letter of Credit. None of the LC Agent, the Banks and their respective officers, directors, employees and agents shall be responsible for, and the obligations of each Bank to make payments to the LC Agent and of the Borrower to reimburse the LC Agent for drawings pursuant to this Section (other than obligations resulting solely from the gross negligence or willful misconduct of the LC Agent) shall not be excused or affected by, among other things, (i) the use which may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents presented under any

Letter of Credit or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged (and notwithstanding any assertion to such effect by the Borrower); (iii) payment by the LC Agent against presentation of documents to it which do not comply with the terms of the relevant Letter of Credit; (iv) any dispute between or among the Borrower, any of its Subsidiaries, the beneficiary of any Letter of Credit or any other Person or any claims or defenses whatsoever of the Borrower, any of its Subsidiaries or any other Person against the beneficiary of any Letter of Credit; (v) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole; (vi) any breach of this Agreement by any party hereto (except, in the case of the LC Agent, a breach resulting solely from its gross negligence or willful misconduct); (vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; (viii) the fact that a Default shall have occurred and be continuing; or (ix) the fact that the Termination Date shall have passed or the Commitments shall have terminated. The LC Agent shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit. Any action taken or omitted by the LC Agent or any Bank under or in connection with any Letter of Credit and the related drafts and documents, if done without willful misconduct or gross negligence, shall be binding upon the Borrower and shall not place the LC Agent or any Bank under any liability to the Borrower.

(l) Reliance, Etc. The LC Agent shall be entitled (but not obligated) to rely, and shall be fully protected in relying, on the representation and warranty by the Borrower set forth in the last sentence of Section 3.02 to establish whether the conditions specified in clauses (c), (d) and (e) of Section 3.02 are met in connection with any issuance or extension of a Letter of Credit, unless the LC Agent shall have been notified to the contrary by the Administrative Agent or the Required Banks (in which event the LC Agent shall be fully protected in relying on such notice). The rights and obligations of the LC Agent under each Letter of Credit issued by it shall be governed by the provisions thereof and the provisions of the UCP and/or the Uniform Commercial Code referred to therein or otherwise applicable thereto.

(m) Indemnification by the Borrower. The Borrower agrees to indemnify and hold harmless each Bank and

the LC Agent (collectively, the "LC Indemnitees") from and against any and all claims and damages, losses, liabilities, costs or expenses (including, without limitation, the reasonable fees and disbursements of counsel) which any such LC Indemnitee may reasonably incur (or which may be claimed against any such LC Indemnitee by any Person whatsoever) by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay under any Letter of Credit or any actual or proposed use of any Letter of Credit, including any claims, damages, losses, liabilities, costs or expenses which the LC Agent may incur by reason of or in connection with the failure of any Bank to fulfill or comply with its obligations to the LC Agent hereunder; provided that the Borrower shall not be required to indemnify the LC Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Agent in determining whether a request presented under any Letter of Credit issued by it complied with the terms of such Letter of Credit or (ii) the LC Agent's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit (unless such payment is enjoined or otherwise prevented by order of a court or other governmental authority). Nothing in this subsection (m) is intended to change the obligations of the Borrower under any other provision of this Section .

(n) Indemnification by the Banks. The Banks shall, ratably in accordance with their respective Pro Rata Shares, indemnify the LC Agent, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including fees and disbursements of counsel), claim, demand, action, loss or liability (except such as result from the LC Agent's gross negligence or willful misconduct or the LC Agent's failure to pay, unless such payment is enjoined or otherwise prevented by order of a court or other governmental authority, under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit) that any such indemnitee may suffer or incur in connection with this Agreement or any action taken or omitted by such indemnitee under this Agreement.

(o) Dual Capacities. In its capacity as a Bank, the LC Agent shall have the same rights and obligations under this Section as any other Bank.

SECTION 2.18. Swingline Loans. (a) Swingline Commitment. The Swingline Bank agrees, on the terms and conditions set forth in this Agreement, to make loans to the Borrower pursuant to this Section from time to time during the Swingline Loan Availability Period; provided that immediately after each such loan is made (and after giving effect to any substantially concurrent application of the proceeds thereof to repay outstanding Loans):

(i) the aggregate outstanding principal amount of the Swingline Loans shall not exceed the Swingline Commitment,

(ii) in the case of each Bank, its Outstanding Committed Amount shall not exceed its Commitment, and

(iii) the Total Usage shall not exceed the Total Commitments.

Each loan under this Section shall (x) be in a principal amount not less than $500,000 and shall be in a multiple of $100,000 and (y) bear interest on the outstanding principal amount thereof for each day from the date such loan is made until it becomes due at such rate or rates per annum (which shall in no event be greater than the Base Rate for such day), and be payable on such dates, as shall be agreed upon from time to time by the Borrower and the Swingline Bank. Within the foregoing limits, the Borrower may borrow under this Section , repay Swingline Loans and reborrow under this Section at any time during the Swingline Loan Availability Period. If the Swingline Bank and the Borrower are unable, for any reason, to agree on the interest rate or interest payment date or dates applicable to any Swingline Loan, the Swingline Bank shall not be obligated to make, and the Borrower shall not be obligated to borrow, such Swingline Loan. The Swingline Loans shall be evidenced by the Swingline Note.

(b) Notice of Swingline Borrowing. The Borrower shall give the Swingline Bank notice (a "Notice of Swingline Borrowing") not later than 2:00 P.M. (New York City time) on the date of each borrowing of a Swingline Loan, specifying (i) the date of such borrowing, which shall be a Domestic Business Day, and (ii) the amount of such Swingline Loan.

(c) Funding of Swingline Loans. Not later than 3:00 P.M. (New York City time) on the date of each borrowing of a Swingline Loan, the Swingline Bank shall, unless the Swingline Bank determines that any applicable condition specified in Article III (which determination may, in the case of Section 3.02(c), be based in part on information

supplied by the LC Agent on the date of such borrowing as to the Aggregate LC Exposure on such date and on information supplied by the Administrative Agent as to the aggregate outstanding principal amount of the Loans on such date) has not been satisfied, make available the amount of such Swingline Loan, in Federal or other funds immediately available in New York City, to the Borrower at the Swingline Bank's address referred to in Section 9.01.

(d) Optional Prepayment of Swingline Loans. The Borrower may prepay the Swingline Loans in whole at any time, or from time to time in part in a principal amount of at least $500,000, by giving notice of such prepayment to the Swingline Bank not later than 2:00 P.M. (New York City time) on the date of prepayment and paying the principal amount to be prepaid (together with (i) interest accrued thereon to the date of prepayment and (ii) the loss or expense (if any) resulting from such prepayment which is incurred by the Swingline Bank (or by an existing or prospective participant in the Swingline Loans) and documented by the Swingline Bank) to the Swingline Bank at its address referred to in Section 9.01, in Federal or other funds immediately available in New York City, not later than 3:00 P.M. on the date of prepayment.

(e) Mandatory Prepayment of Swingline Loans. On the date of each Borrowing pursuant to Section 2.01 or 2.03, the Borrower shall prepay all Swingline Loans then outstanding, together with (i) interest accrued thereon to the date of prepayment and (ii) the loss or expense (if any) resulting from such prepayment which is incurred by the Swingline Bank (or by an existing or prospective participant in the Swingline Loans) and documented by the Swingline Bank.

(f) Refunding Unpaid Swingline Loans. The Swingline Bank may at any time, by notice to the Banks (including the Swingline Bank, in its capacity as a Bank), require each Bank to pay to the Swingline Bank an amount equal to such Bank's Pro Rata Share of the aggregate unpaid principal amount of the Swingline Loans then outstanding. Such notice shall specify the date on which such payments are to be made, which shall be the first Domestic Business Day after such notice is given. Not later than 12:00 Noon (New York City time) on the date so specified, each Bank shall pay the amount so notified to it to the Swingline Bank at its address referred to in Section 9.01, in Federal or other funds immediately available in New York City. The amount so paid by each Bank shall constitute a Base Rate Loan to the Borrower; provided that, if the Banks are prevented from making such Loans to the Borrower by the

provisions of the United States Bankruptcy Code or otherwise, the amount so paid by each Bank shall constitute a purchase by it of a participation in the unpaid principal amount of the Swingline Loans (and interest accruing thereon after the date of such payment). Each Bank's obligation to make such payment to the Swingline Bank under this subsection (f) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Bank or any other Person may have against the Swingline Bank or the Borrower, (ii) the occurrence or continuance of a Default or the termination of the Commitments, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any other Person, (iv) any breach of this Agreement by the Borrower or any other Bank or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided that no Bank shall be obligated to make any payment to the Swingline Bank under this subsection (f) with respect to a Swingline Loan made by the Swingline Bank at a time when the Swingline Bank has determined that a Default had occurred and was continuing.

ARTICLE III

CONDITIONS

SECTION 3.01. Effectiveness of this Agreement; Closing. This Agreement shall become effective, and the closing hereunder shall occur, when the Administrative Agent shall have received the following:

(a) a counterpart hereof signed by each party listed on the signature pages hereof or facsimile or other written confirmation satisfactory to the Administrative Agent that each such party has signed a counterpart hereof;

(b) a duly executed Note for the account of each Bank complying with the provisions of Section 2.05 and a duly executed Swingline Note for the account of the Swingline Bank, each dated the Effective Date;

(c) an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel for the Borrower, substantially in the form of Exhibit F hereto, dated the Effective Date and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;

(d) an opinion of Gary M. Bahler, General Counsel of the Borrower, substantially in the form of Exhibit G hereto, dated the Effective Date and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;

(e) an opinion of Davis Polk & Wardwell, special counsel for the Arranger and Syndication Agent, substantially in the form of Exhibit H hereto, dated the Effective Date and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;

(f) evidence satisfactory to the Administrative Agent that the commitments of the Existing Banks under the Existing Credit Agreement have terminated and the Borrower has paid (or made arrangements satisfactory to the Administrative Agent for the payment of) all amounts required to be paid by the Borrower on the Effective Date pursuant to Section 2.16; and

(g) all documents that the Administrative Agent may reasonably request relating to the existence of the Borrower, the corporate authority for and the validity of this Agreement, the Notes and the Swingline Note, and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent.

The Administrative Agent shall promptly notify the Borrower and the Banks of the Effective Date, and such notice shall be conclusive and binding on all parties hereto.

SECTION 3.02. Extensions of Credit. The obligation (i) of any Bank to make a Loan on the occasion of any Borrowing (other than a Loan pursuant to Section 2.18(f)), (ii) of the Swingline Bank to make any Swingline Loan and (iii) of the LC Agent to issue or extend (or allow the extension of) the expiry date of any Letter of Credit are each subject to the satisfaction of the following conditions:

(a) the fact that the Effective Date shall have occurred on or prior to May 1, 1997;

(b) receipt (i) by the Administrative Agent of a Notice of Borrowing as required by Section 2.02 or 2.03, (ii) by the Swingline Bank of a Notice of Swingline Borrowing as required by Section 2.18(b) or (iii) by the LC Agent of a notice of proposed issuance

or extension as required by Section 2.17(c) or (e), as the case may be;

(c) the fact that, immediately after such Extension of Credit, the applicable limitations in Section 2.01, 2.03(f), 2.17(a) or 2.18(a), as the case may be, shall not be exceeded;

(d) the fact that, immediately before and after such Extension of Credit, no Default shall have occurred and be continuing; and

(e) the fact that each of the representations and warranties of the Borrower contained in this Agreement shall be true on and as of the date of such Extension of Credit.

Each Extension of Credit hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Extension of Credit as to the facts specified in clauses (c), (d) and (e) of this Section .

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

SECTION 4.01. Corporate Existence and Power. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New York, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except where failures to possess such licenses, authorizations, consents and approvals could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

SECTION 4.02. Corporate and Governmental Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement, the Notes and the Swingline Note are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any

agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Subsidiaries or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 4.03. Binding Effect. This Agreement constitutes a valid and binding agreement of the Borrower and each of the Notes and the Swingline Note, when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Borrower, in each case enforceable in accordance with its terms.

SECTION 4.04. Financial Information.

(a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of January 27, 1996 and the related consolidated statements of operations, cash flows and changes in shareholders' equity for the Fiscal Year then ended, reported on by KPMG Peat Marwick LLP and set forth in the Borrower's 1995 Form 10-K, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such Fiscal Year.

(b) The unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of October 26, 1996 and the related unaudited consolidated statements of operations, cash flows and changes in shareholders' equity for the nine months then ended, set forth in the Borrower's Latest Form 10-Q, a copy of which has been delivered to each of the Banks, fairly present, on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such nine-month period (subject to normal year-end adjustments).

(c) Since October 26, 1996 there has been no material adverse change in the business, financial position, results of operations or prospects of the Borrower and its Consolidated Subsidiaries, considered as a whole.

(d) At January 25, 1997 the present value of operating lease commitments, calculated on the basis provided for in Section 5.01(e), was $2,036,000,000.

SECTION 4.05. Litigation. Except for the Designated Litigation, there is no action, suit or proceeding pending against, or to the knowledge of the Borrower threatened against or affecting, the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which could reasonably be expected to result in a Material Adverse Effect.

SECTION 4.06. Compliance with Laws. The Borrower and its Subsidiaries are in compliance in all material respects with all applicable laws, ordinances, rules, regulations and binding requirements of governmental authorities, except where (i) the necessity of compliance therewith is being contested in good faith by appropriate proceedings or (ii) failure to comply therewith could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

SECTION 4.07. Compliance with ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or made any amendment to any Plan, which has resulted or will result in the imposition of a Lien under Section 412(n) of the Internal Revenue Code or in the incurrence of a requirement under Section 401(a)(29) of the Internal Revenue Code to post a bond or other security in order to retain the tax-qualified status of such Plan or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 4.08. Environmental Matters. To the knowledge of the Borrower, (i) the Borrower and its Subsidiaries are in material compliance with all applicable Environmental Laws, (ii) there are no claims, demands or investigations against the Borrower or any of its Subsidiaries by any governmental authority or other person or entity that may reasonably be expected to result in material liability for the clean up of materials that have been released into the environment and (iii) there are no conditions that are reasonably likely to result in such claims, demands or investigations against the Borrower or any of its Subsidiaries, except for failures to comply and

liabilities which, in the aggregate, are unlikely to result in a Material Adverse Effect.

SECTION 4.09. Taxes. The Borrower and its Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any material assessment received by the Borrower or any Subsidiary, except taxes and assessments which are not yet delinquent or are being contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate.

SECTION 4.10. Subsidiaries. Each of the Borrower's corporate Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except where failures to possess such licenses, authorizations, consents and approvals could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

SECTION 4.11. Not an Investment Company. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 4.12. Full Disclosure. All information (taken as a whole) heretofore furnished in writing by the Borrower to any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished in writing by the Borrower to any Bank will be, true in all material respects on the date as of which such information is stated or certified. Any projections and pro forma financial information contained in any such writing will be based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, it being recognized by the Banks that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results. The Borrower has disclosed to the Banks in writing any and all facts which could reasonably be expected to result in a Material Adverse Effect (to the extent the Borrower can now reasonably foresee, utilizing reasonable assumptions and the

information now actually known to the Borrower's Responsible Officers).

ARTICLE V

COVENANTS

The Borrower agrees that, so long as any Bank has any Credit Exposure hereunder, the Swingline Commitment remains in effect or any amount payable under the Swingline Note remains unpaid:

SECTION 5.01. Information. The Borrower will deliver to each of the Banks:

(a) as soon as available and in any event within 90 days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of operations, cash flows and changes in shareholders' equity for such Fiscal Year, setting forth in each case in comparative form the figures as of the end of and for the previous Fiscal Year, all reported on (without any qualification that would not be acceptable to the SEC for purposes of filings under the Exchange Act) by KPMG Peat Marwick LLP or other independent public accountants of nationally recognized standing;

(b) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, a consolidated condensed balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarter, the related consolidated condensed statement of operations for such Fiscal Quarter and the related consolidated condensed statements of operations, cash flows and retained earnings for the portion of the Fiscal Year ended at the end of such Fiscal Quarter, setting forth in comparative form (i) in the case of such statement of operations, the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and (ii) in the case of such statements of operations, cash flows and retained earnings, the figures for the corresponding portion of the previous Fiscal Year, all certified (subject to normal year-end adjustments) as to fairness of presentation, generally accepted accounting principles and consistency by the chief financial

officer or the chief accounting officer of the Borrower;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of the Borrower's chief financial officer or chief accounting officer (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 5.06 to 5.10, inclusive, on the date of such financial statements and (ii) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) simultaneously with the delivery of each set of financial statements referred to in clause (a) above, a statement of the firm of independent public accountants which reported on such statements (i) whether anything has come to their attention to cause them to believe that any Default existed on the date of such statements and (ii) confirming the calculations set forth in the officer's certificate delivered simultaneously therewith pursuant to clause (c) above;

(e) as soon as practicable and in any event within 90 days after the end of each Fiscal Year, a certificate of the Borrower's chief financial officer setting forth:

(i) the total rent expense (net of sublease income) of the Borrower and its Consolidated Subsidiaries for such Fiscal Year;

(ii) the present value, at the end of such Fiscal Year, of the operating lease commitments of the Borrower and its Consolidated Subsidiaries; and

(iii) the present value, at the end of such Fiscal Year, of any third-party operating lease payments under guarantees entered into after the date hereof by the Borrower and its Consolidated Subsidiaries;

and certifying that the amounts set forth have been calculated on the same basis as the comparable amounts shown on page 29 of the Borrower's 1995 Annual Report to its shareholders (treating the guaranteed amounts

set forth pursuant to clause (iii) as if they were direct obligations of the Borrower and its Consolidated Subsidiaries);

(f) within five Domestic Business Days after any Responsible Officer obtains knowledge of any Default, if such Default is then continuing, a certificate of the Borrower's chief financial officer or chief accounting officer setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(g) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(h) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which the Borrower shall have filed with the SEC;

(i) if and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" defined in PBGC Regulations Sections 2615.11(a), .12(a), .14(a), .16(a), .17(a), .21(a), .22(a) or .23(a) with respect to any Plan, or, with respect to any Plan, gives or is required to give notice to the PBGC under Section 4043(b)(3) of ERISA or would be required to give notice under such Section but for the provisions of Section 4043(b)(2) of ERISA or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC, or that would be required to be given but for the provisions of Section 4043(b)(2); (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer, any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a

copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or makes any amendment to any Plan or which has resulted or will result in the imposition of a Lien under Section 412(n) of the Internal Revenue Code or the incurrence of a requirement under Section 401(a)(29) of the Internal Revenue Code to post a bond or other security in order to retain the tax-qualified status of such Plan, a certificate of the Borrower's chief financial officer or chief accounting officer setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group has taken or proposes to take; and

(j) from time to time such additional information regarding the financial position or business of the Borrower and its Subsidiaries as the Administrative Agent, at the request of any Bank, may reasonably request.

SECTION 5.02. Maintenance of Property; Insurance. (a) The Borrower will keep, and will cause each Subsidiary to keep, all material properties useful and necessary in its business in good working order and condition, ordinary wear and tear excepted.

(b) The Borrower will, and will cause each of its Subsidiaries to, maintain (either in the name of the Borrower or in such Subsidiary's own name) with financially sound and responsible insurance companies, insurance on all their respective properties in at least such amounts and against at least such risks (and with such risk retention) as are usually insured against in the same general area by companies of established repute engaged in the same or a similar business; provided that such risks may be covered by self-insurance programs consistent with past practice. The Borrower will furnish to the Banks, upon request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

SECTION 5.03. Conduct of Business and Maintenance of Existence. The Borrower will continue, and will cause each Subsidiary to continue, to engage in business of the same general type as now conducted by the Borrower and its Subsidiaries, and will preserve, renew and keep in full force and effect, and will cause each Subsidiary to preserve, renew and keep in full force and effect their respective existence and their respective rights, privileges and franchises necessary or desirable in the normal conduct of business, except where failures to possess such rights, privileges

and franchises could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect; provided that nothing in this Section shall prohibit (i) the merger of a Subsidiary into the Borrower or the merger or consolidation of a Subsidiary with or into another Person if the corporation surviving such consolidation or merger is a Subsidiary and if, in each case, after giving effect thereto, no Default shall have occurred and be continuing or (ii) the termination of the existence of any Subsidiary if the Borrower in good faith determines that such termination is in the best interest of the Borrower and is not materially disadvantageous to the Banks.

SECTION 5.04. Compliance with Laws. The Borrower will comply, and cause each Subsidiary to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and binding requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), except where (i) the necessity of compliance therewith is being contested in good faith by appropriate proceedings or (ii) failures to comply therewith could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Inspection of Property, Books and Records. The Borrower will keep, and will cause each Subsidiary (except for Subsidiaries that constitute Immaterial Subsidiaries) to keep, proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit, and will cause each Subsidiary (except for Subsidiaries that constitute Immaterial Subsidiaries) to permit, representatives of any Bank at such Bank's expense, upon reasonable prior notice, to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired.

SECTION 5.06. Negative Pledge. Neither the Borrower nor any Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens existing on the date of this Agreement securing Debt outstanding on the date of this Agreement

in an aggregate principal or face amount not exceeding $100,000,000;

(b) any Lien on any asset (or improvement thereon) securing Debt incurred or assumed solely for the purpose of financing all or any part of the cost of acquiring such asset (or improvement thereon), provided that such Lien attaches to such asset (or improvement thereon) concurrently with or within 90 days after the acquisition thereof;

(c) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary and not created in contemplation of such event;

(d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Borrower or a Subsidiary and not created in contemplation of such event;

(e) any Lien existing on any asset prior to the acquisition (whether by purchase, merger or otherwise) thereof by the Borrower or a Subsidiary and not created in contemplation of such acquisition;

(f) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section , provided that such Debt is not increased and is not secured by any additional assets;

(g) Liens on life insurance policies securing amounts borrowed against the cash value of such policies;

(h) Liens arising in the ordinary course of its business which (i) do not secure Debt, (ii) do not secure any single obligation or series of related obligations in an amount exceeding $100,000,000 and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business; and

(i) Liens not otherwise permitted by the foregoing clauses of this Section securing Debt in an aggregate principal or face amount at any date not to exceed 15% of Consolidated Tangible Net Worth.

SECTION 5.07. Minimum Consolidated Tangible Net Worth. Consolidated Tangible Net Worth will at no time be

less than the sum of (i) $1,000,000,000 plus (ii) for each Fiscal Quarter ended at or prior to such time (but after January 25, 1997), 50% of the consolidated net income of the Borrower and its Consolidated Subsidiaries for such Fiscal Quarter (if greater than zero).

SECTION 5.08. Leverage Ratio. Total Borrowed Funds will not (i) exceed 75% of Total Capitalization at any time from the Effective Date through the end of Fiscal Year 1997 or (ii) exceed 70% of Total Capitalization at any time thereafter.

SECTION 5.09. Limitation on Debt of Subsidiaries. The total Debt of all Consolidated Subsidiaries (excluding Debt owed to the Borrower or to another Consolidated Subsidiary) will not at any time exceed $300,000,000.

SECTION 5.10. Fixed Charge Coverage Ratio. At the end of each Fiscal Quarter listed below, the ratio of

(i) the sum of EBIT plus 1/3 of Annual Rent Expense, in each case for the four consecutive Fiscal Quarters then ended, to

(ii) the sum of Interest Expense plus 1/3 of Annual Rent Expense, in each case for the same four consecutive Fiscal Quarters,

will not be less than the ratio set forth below with respect to such Fiscal Quarter:

Fiscal Quarter	Ratio
Each Fiscal Quarter of Fiscal Year 1997	1.50 to 1
Each Fiscal Quarter of Fiscal Year 1998	1.75 to 1
Each subsequent Fiscal Quarter	2.00 to 1

SECTION 5.11. Consolidations, Mergers and Sales of Assets. The Borrower will not consolidate or merge with or into any other Person; provided that the Borrower may merge with another Person if (A) the Borrower is the corporation surviving such merger and (B) immediately after giving effect to such merger no Default shall have occurred and be continuing. The Borrower and its Subsidiaries will not sell, lease or otherwise transfer, directly or indirectly, all or substantially all of the assets of the Borrower and its Subsidiaries, taken as a whole, to any

other Person; provided that the foregoing limitation shall not apply to sales of inventory or sales and other dispositions of surplus assets, in each case in the ordinary course of business.

SECTION 5.12. Use of Proceeds. The Letters of Credit and the proceeds of the Loans and Swingline Loans made under this Agreement will be used by the Borrower for its general corporate purposes.

ARTICLE VI

DEFAULTS

SECTION 6.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail (i) to pay any principal of any Loan, Swingline Loan or Reimbursement Obligation when due or (ii) to pay any interest on any Loan, Swingline Loan or Reimbursement Obligation, any fees or any other amount payable hereunder within two Domestic Business Days after the due date thereof;

(b) the Borrower shall fail to observe or perform any covenant contained in Sections 5.06 to 5.12, inclusive;

(c) the Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clause (a) or (b) above) for 30 days after written notice thereof has been given to the Borrower by the Administrative Agent at the request of any Requesting Banks;

(d) any representation, warranty, certification or statement made (or deemed made) by the Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(e) the Borrower and/or any of its Subsidiaries shall fail to pay, when due or within any applicable grace period, an amount or amounts aggregating more than $25,000,000 payable in respect of their Debt;

(f) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt or enables the holder of such Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(g) any of the Borrower or one or more Subsidiaries (unless such Subsidiaries are Immaterial Subsidiaries) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any Material Assets, or shall consent to any such relief or to the appointment of any such official or to any such official taking possession of Material Assets, or shall make a general assignment for the benefit of creditors, or shall state that it is unable to pay its debts generally as they become due, or shall take any corporate action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against the Borrower or one or more Subsidiaries (unless such Subsidiaries constitute Immaterial Subsidiaries), in each case seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any Material Assets, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower or any Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(i) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $10,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Material Plan (except for any termination under Section 4041(b) of ERISA) shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to

administer, any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the ERISA Group to incur a current payment obligation in excess of $25,000,000;

(j) a judgment or order for the payment of money in excess of $10,000,000 shall be rendered against the Borrower or any Subsidiary and such judgment or order shall continue unsatisfied and unstayed for a period of 10 days; or

(k) any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under said Act) of 20% or more of the outstanding shares of common stock of the Borrower; or Continuing Directors shall cease to constitute a majority of the board of directors of the Borrower;

then, and in every such event, the Administrative Agent shall (i) if requested by Banks having more than 50% in aggregate amount of the Commitments, by notice to the Borrower terminate the Commitments and the Swingline Commitment and they shall thereupon terminate, and (ii) if requested by Banks holding more than 50% in aggregate principal amount of the Loans, by notice to the Borrower declare the Loans and Swingline Loans (together with accrued interest thereon) to be, and the Loans and Swingline Loans (together with accrued interest thereon) shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; provided that if any Event of Default specified in clause (g) or (h) above occurs with respect to the Borrower, then without any notice to the Borrower or any other act by the Administrative Agent or the Banks, the Commitments and the Swingline Commitment shall thereupon terminate and the Loans and Swingline Loans (together with accrued interest thereon) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 6.02. Notice of Default. The Administrative Agent shall give notice to the Borrower under Section 6.01(c) promptly upon being requested to do so by

any Requesting Banks and shall thereupon notify all the Banks thereof.

SECTION 6.03. Cash Cover. The Borrower agrees, in addition to the provisions of Section 6.01, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the LC Agent upon the instruction of the Required Banks, pay to the LC Agent an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the LC Agent) equal to the aggregate amount available for drawing under all Letters of Credit then outstanding at such time, provided that, upon the occurrence of any Event of Default specified in clause (g) or (h) of Section 6.01 with respect to the Borrower, the Borrower shall pay such amount forthwith without any notice or demand or any other act by the LC Agent or the Banks.

ARTICLE VII

THE ADMINISTRATIVE AGENT, DOCUMENTATION AGENT AND CO-AGENTS

SECTION 7.01. Appointment and Authorization. Each Bank irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to the Administrative Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto.

SECTION 7.02. Agents and Affiliates. Each Bank acting as an Agent, Co-Agent or Swingline Bank in connection with this Agreement or the credit facility provided hereby shall have the same rights and powers under this Agreement as any other Bank and may exercise or refrain from exercising the same as though it were not so acting. Each Bank so acting, and each of their respective affiliates, may accept deposits from, lend money to, and generally engage in any kind of business with, the Borrower or any Subsidiary or affiliate of the Borrower as if it were not so acting.

SECTION 7.03. Obligations of the Co-Agents and Documentation Agent. The Co-Agents and Documentation Agent, in their capacities as such, shall have no duties, obligations or liabilities of any kind hereunder.

SECTION 7.04. Obligations of Administrative Agent. The obligations of the Administrative Agent hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article VI.

SECTION 7.05. Consultation with Experts. The Administrative Agent and LC Agent may consult with legal counsel (who may be counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.06. Liability of Agents. None of the Documentation Agent, the Administrative Agent, their respective affiliates or their respective directors, officers, agents or employees shall be liable for any action taken or not taken in connection herewith (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. None of the Documentation Agent, the Administrative Agent, their respective affiliates or their respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement or any Extension of Credit; (ii) the performance or observance of any of the covenants or agreements of the Borrower; (iii) the satisfaction of any condition specified in Article III except, in the case of the Administrative Agent, receipt of items required to be delivered to it; or (iv) the validity, effectiveness or genuineness of this Agreement, the Notes, the Swingline Note or any other instrument or writing furnished in connection herewith. The LC Agent shall not incur any liability by acting in reliance upon information supplied by the Administrative Agent as to the Total Usage at any time (including Loans to be made pursuant to Notices of Borrowing theretofore received by the Administrative Agent). The Administrative Agent shall not incur any liability by acting in reliance upon (i) information supplied to it by the LC Agent as to the Aggregate LC Exposure at any time or (ii) any notice, consent, certificate, statement, or other writing (which may be a

bank wire, telex, facsimile transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

SECTION 7.07. Indemnification. The Banks shall, ratably in accordance with their respective Credit Exposures, indemnify the Administrative Agent and its affiliates, directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement or any action taken or omitted by such indemnitees hereunder.

SECTION 7.08. Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Arranger and Syndication Agent or any other Bank Party, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Arranger and Syndication Agent or any other Bank Party, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

SECTION 7.09. Successor Administrative Agent. The Administrative Agent may resign at any time by giving notice thereof to the Banks and the Borrower, such resignation to be effective when a successor Administrative Agent is appointed pursuant to this Section and accepts such appointment. Upon receiving any such notice of resignation, the Required Banks shall have the right to appoint a successor Administrative Agent, subject to the approval of the Borrower (unless an Event of Default shall have occurred and be continuing at the time of such appointment, in which case the Borrower's approval will not be required). If no successor Administrative Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the other Banks, appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor Administrative

Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent.

SECTION 7.10. Administrative Agent's Fees. The Borrower shall pay to the Administrative Agent for its account, fees in the amounts and at the times previously agreed upon between the Borrower and the Administrative Agent.

ARTICLE VIII

CHANGE IN CIRCUMSTANCES

SECTION 8.01. Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period for any CD Loan, Euro-Dollar Loan or Money Market LIBOR Loan:

(a) the Administrative Agent is advised by the Reference Banks that deposits in dollars (in the applicable amounts) are not being offered to the Reference Banks in the relevant market for such Interest Period, or

(b) in the case of CD Loans or Euro-Dollar Loans, Banks having 50% or more of the aggregate principal amount of the affected Loans advise the Administrative Agent that the Adjusted CD Rate or the Adjusted London Interbank Offered Rate, as the case may be, as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Banks of funding their CD Loans or Euro-Dollar Loans, as the case may be, for such Interest Period,

the Administrative Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, (i) the obligations of the Banks to make CD Loans or Euro-Dollar Loans, or to continue such Loans for an additional Interest Period, as the case may be, or to convert outstanding Loans into CD Loans or Euro-Dollar

Loans, as the case may be, shall be suspended and (ii) each outstanding CD Loan or Euro-Dollar Loan, as the case may be, shall be converted into a Base Rate Loan on the last day of the then current Interest Period applicable thereto. Unless the Borrower notifies the Administrative Agent at least two Domestic Business Days before the date of any affected Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, (i) if such affected Borrowing is a CD Borrowing or Euro-Dollar Borrowing, such Borrowing shall instead be made as a Base Rate Borrowing and (ii) if such affected Borrowing is a Money Market LIBOR Borrowing, the Money Market LIBOR Loans comprising such Borrowing shall bear interest for each day from and including the first day to but excluding the last day of the Interest Period applicable thereto at the Base Rate for such day.

SECTION 8.02. Illegality. If, on or after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible for any Bank (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Bank shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Banks and the Borrower, whereupon until such Bank notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make Euro-Dollar Loans, to continue Euro-Dollar Loans for an additional Interest Period or to convert outstanding Loans into Euro-Dollar Loans, shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section , such Bank shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such notice is given, each Euro-Dollar Loan of such Bank then outstanding shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if such Bank may lawfully continue to maintain and fund such Loan to such day or (b) immediately if such Bank shall determine that it may not lawfully continue to maintain and fund such Loan to such day.

SECTION 8.03. Increased Cost and Reduced Return. (a) If on or after (x) the date hereof, in the case of any Committed Loan or Swingline Loan or Letter of Credit or any obligation to make Committed Loans or Swingline Loans or participate in Letters of Credit or (y) the date of the related Money Market Quote, in the case of any Money Market Loan, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) or the Swingline Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding (i) with respect to any CD Loan any such requirement included in an applicable Domestic Reserve Percentage and (ii) with respect to any Euro-Dollar Loan any such requirement included in an applicable Euro-Dollar Reserve Percentage), special deposit, insurance assessment (excluding, with respect to any CD Loan, any such requirement reflected in an applicable Assessment Rate) or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Applicable Lending Office) or the Swingline Bank or shall impose on any Bank (or its Applicable Lending Office) or the Swingline Bank or on the United States market for certificates of deposit or the London interbank market any other condition affecting its Fixed Rate Loans, its Note, its Swingline Loans, its Swingline Note, its obligation to make Fixed Rate Loans or Swingline Loans or its obligation to participate in any Letter of Credit and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making or maintaining any Fixed Rate Loan, or participating in any Letter of Credit or increase the cost to the Swingline Bank of making or maintaining any Swingline Loan or to reduce the amount of any sum received or receivable by such Bank (or its Applicable Lending Office) or the Swingline Bank under this Agreement or under its Note or Swingline Note with respect thereto, by an amount deemed by such Bank or the Swingline Bank to be material, then, within 15 days after receiving a request by such Bank or the Swingline Bank for compensation under this subsection, accompanied by a certificate complying with subsection (e) of this Section (with a copy to the Administrative Agent), the Borrower shall, subject to subsection (f) of this Section , pay to such Bank or the

Swingline Bank such additional amount or amounts as will compensate such Bank or the Swingline Bank for such increased cost or reduction.

(b) If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the LC Agent with any request or directive (whether or not having the force of law) made on or after the date of this Agreement by any such authority, central bank or comparable agency, shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System), special deposit, insurance assessment or similar requirement against any Letter of Credit issued by the LC Agent or shall impose on the LC Agent any other condition affecting its Letters of Credit or its obligation to issue Letters of Credit and the result of any of the foregoing is to increase the cost to the LC Agent of issuing any Letter of Credit or to reduce the amount of any sum received or receivable by the LC Agent under this Agreement with respect thereto, by an amount deemed by the LC Agent to be material, then, within 15 days after demand by the LC Agent (with a copy to the Administrative Agent), the Borrower shall pay to the LC Agent such additional amount or amounts as will compensate the LC Agent for such increased cost or reduction.

(c) If any Bank, the Swingline Bank or the LC Agent shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any such law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank, the Swingline Bank or the LC Agent, as the case may be (or its Parent), as a consequence of its obligations hereunder to a level below that which such Bank, the Swingline Bank or the LC Agent, as the case may be (or its Parent), could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by it to be material, then from time to time, within 15 days after receiving a request by such Bank,

the Swingline Bank or the LC Agent, as the case may be, for compensation under this subsection, accompanied by a certificate complying with subsection (e) of this Section (with a copy to the Administrative Agent), the Borrower shall, subject to subsection (f) of this Section , pay to such Bank, the Swingline Bank or the LC Agent, as the case may be, such additional amount or amounts as will compensate it (or its Parent) for such reduction.

(d) Each Bank, the Swingline Bank and the LC Agent will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle it to compensation pursuant to this Section and will designate a different Applicable Lending Office or LC Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in its judgment, be otherwise disadvantageous to it. If a Bank, the Swingline Bank or the LC Agent fails to notify the Borrower of any such event within 180 days after such event occurs, it shall not be entitled to compensation under this Section for any effect of such event arising more than 180 days before it does notify the Borrower thereof.

(e) Each request by a Bank, the Swingline Bank or the LC Agent for compensation under this Section shall be accompanied by a certificate, signed by one of its authorized employees, setting forth in reasonable detail (i) the basis for claiming such compensation, (ii) the additional amount or amounts to be paid to it hereunder and (iii) the method of calculating such amount or amounts, which certificate shall be conclusive in the absence of manifest error. In determining such amount, such Bank, the Swingline Bank or the LC Agent may use any reasonable averaging and attribution methods.

(f) Notwithstanding any other provision of this Section, none of the Banks, the Swingline Bank and the LC Agent shall be entitled to compensation under subsection (a), (b) or (c) of this Section if it is not then its general practice to demand compensation in similar circumstances under comparable provisions of other credit agreements.

SECTION 8.04. Taxes. (a) For purposes of this Section 8.04, the following terms have the following meanings:

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings with respect to any payment by the Borrower pursuant to this

Agreement or under any Note or the Swingline Note, and all liabilities with respect thereto, excluding (i) in the case of each Bank Party, taxes imposed on or measured by its income, and franchise or similar taxes imposed on it, by a jurisdiction under the laws of which it is organized or qualified to do business (but only if the taxes are imposed solely because such Bank Party is qualified to do business in such jurisdiction without regard to any Loan) or in which its principal executive office is located or in which its Applicable Lending Office or LC Office is located and (ii) in the case of each Bank, any United States withholding tax imposed on such payments other than such withholding tax imposed as a result of a change in treaty, law or regulation occurring after a Bank first becomes subject to this Agreement.

"Other Taxes" means any present or future stamp, documentary or mortgage recording taxes and any other excise or property taxes, or similar charges or levies, which arise from any payment made pursuant to this Agreement or under any Note or the Swingline Note or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement, any Note or the Swingline Note.

(b) Any and all payments by the Borrower to or for the account of any Bank Party hereunder or under any Note or the Swingline Note shall be made without deduction for any Taxes or Other Taxes; provided that, if the Borrower shall be required by law to deduct any Taxes or Other Taxes from any such payments, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 8.04) such Bank Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) the Borrower shall furnish to the Administrative Agent, at its address referred to in Section 9.01, the original or a certified copy of a receipt evidencing payment thereof.

(c) The Borrower agrees to indemnify each Bank Party for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 8.04) paid by such Bank Party and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, provided that Borrower shall not indemnify any Bank Party for any penalties or interest on any Taxes or Other Taxes accrued

during the period between the 15th day after such Bank Party has received a notice from the jurisdiction asserting such Taxes or Other Taxes and such later day on which such Bank Party has informed the Borrower of the receipt of such notice. This indemnification shall be paid within 15 days after such Bank Party makes demand therefor.

(d) Each Bank Party organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Bank Party listed on the signature pages hereof and on or prior to the date on which it becomes a Bank Party in the case of each other Bank Party, and from time to time thereafter if requested in writing by the Borrower (but only so long as such Bank Party remains lawfully able to do so), shall provide the Borrower with Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Bank Party is entitled to benefits under an income tax treaty to which the United States is a party which exempts such Bank Party from United States withholding tax or reduces the rate of withholding tax on payments of interest for the account of such Bank Party or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States.

(e) For any period with respect to which a Bank Party has failed to provide the Borrower with the appropriate form as required by Section 8.04(d) (unless such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which such form originally was required to be provided), such Bank Party shall not be entitled to indemnification under Section 8.04(b) or (c) with respect to Taxes (including penalties, interest and expenses) imposed by the United States; provided that if a Bank Party, which is otherwise exempt from or subject to a reduced rate of withholding tax, becomes subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Bank Party shall reasonably request to assist such Bank Party to recover such Taxes.

(f) If the Borrower is required to pay additional amounts to or for the account of any Bank Party pursuant to this Section 8.04, then such Bank Party will change the jurisdiction of its Applicable Lending Office or LC Office if, in the judgment of such Bank Party, such change (i) will eliminate or reduce any such additional payment which may thereafter accrue and (ii) is not otherwise disadvantageous to such Bank Party.

(g) If a Bank Party receives a notice from a taxing authority asserting any Taxes or Other Taxes for which the Borrower is required to indemnify such Bank Party under Section 8.04(c), it shall furnish to the Borrower a copy of such notice no later than 90 days after the receipt thereof. If such Bank Party has failed to furnish a copy of such notice to the Borrower within such 90-day period as required by this Section 8.04(g), the Borrower shall not be required to indemnify such Bank Party for any such Taxes or Other Taxes (including penalties, interest and expenses thereon) arising between the 90th day after such Bank Party has received such notice and the day on which such Bank Party has furnished to the Borrower a copy of such notice.

SECTION 8.05. Base Rate Loans Substituted for Affected Fixed Rate Loans. If (i) the obligation of any Bank to make or maintain Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Bank has demanded compensation under Section 8.03 or 8.04 with respect to its CD Loans or Euro-Dollar Loans and, in either case, the Borrower shall, by at least five Euro-Dollar Business Days' prior notice to such Bank through the Administrative Agent, have elected that the provisions of this Section shall apply to such Bank, then, unless and until such Bank notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist, all Loans which would otherwise be made by such Bank as (or continued as or converted into) CD Loans or Euro-Dollar Loans, as the case may be, shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related CD Loans or Euro-Dollar Loans of the other Banks). If such Bank notifies the Borrower that the circumstances giving rise to such notice no longer apply, the principal amount of each such Base Rate Loan shall be converted into a CD Loan or Euro-Dollar Loan, as the case may be, on the first day of the next succeeding Interest Period applicable to the related CD Loans or Euro-Dollar Loans of the other Banks.

SECTION 8.06. Substitution of Bank. If (i) the obligation of any Bank to make Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Bank has demanded compensation under Section 8.03 or 8.04, the Borrower shall have the right, with the assistance of the Administrative Agent, to seek a mutually satisfactory substitute bank or banks (which may be one or more of the Banks) to replace such Bank. Any substitution under this Section 8.06 may be accomplished, at the Borrower's option, either (i) by the replaced Bank assigning its rights and obligations hereunder to the replacement bank or banks pursuant to Section 9.06(c) at a mutually agreeable price or

(ii) by the Borrower prepaying all outstanding Loans from the replaced Bank and terminating its Commitment on a date specified in a notice delivered to the Administrative Agent and the replaced Bank at least three Euro-Dollar Business Days before the date so specified (and compensating such Bank for any resulting funding losses as provided in Section 2.14) and concurrently the replacement bank or banks assuming a Commitment in an amount equal to the Commitment being terminated and making Loans in the same aggregate amount and having the same maturity date or dates, respectively, as the Committed Loans being prepaid, all pursuant to documents reasonably satisfactory to the Administrative Agent (and in the case of any document to be signed by the replaced Bank, reasonably satisfactory to such Bank). No such substitution shall relieve the Borrower of its obligation to compensate and/or indemnify the replaced Bank as required by Sections 8.03 and 8.04 with respect to the period before it is replaced and to pay all accrued interest, accrued fees and other amounts owing to the replaced Bank hereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower, the LC Agent, the Swingline Bank or the Administrative Agent, at its address, facsimile number or telex number set forth on the signature pages hereof, (y) in the case of any Bank, at its address, facsimile number or telex number set forth in its Administrative Questionnaire or (z) in the case of any party, such other address, facsimile number or telex number as such party may hereafter specify for such purpose by notice to the Administrative Agent and the Borrower. Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number specified in this Section and the appropriate answerback is received, (ii) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (iii) if given by mail, three Domestic Business Days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iv) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Administrative Agent under Article II or Article VIII and

notices to the LC Agent or the Swingline Bank under Article II shall not be effective until received.

SECTION 9.02. No Waivers. No failure or delay by any Bank Party in exercising any right, power or privilege hereunder or under any Note or the Swingline Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.03. Expenses; Indemnification. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses of the Arranger and Syndication Agent, including reasonable fees and disbursements of special counsel for the Arranger and Syndication Agent, in connection with the negotiation and preparation of this Agreement, (ii) all reasonable out-of-pocket expenses of the Arranger and Syndication Agent and the Administrative Agent, including reasonable fees and disbursements of special counsel for the Arranger and Syndication Agent, in connection with the administration of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder and (iii) if an Event of Default occurs, all out-of-pocket expenses incurred by the Arranger and Syndication Agent and each Bank Party including (without duplication) the fees and disbursements of special counsel and the allocated cost of internal counsel, in connection with any collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom.

(b) The Borrower agrees to indemnify each Bank Party, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by such Indemnitee in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnitee shall be designated a party thereto) brought or threatened relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder; provided that no Indemnitee shall have the right to be indemnified hereunder for such Indemnitee's own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

SECTION 9.04. Sharing of Set-Offs. (a) Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest that has become due with respect to the Loans held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest that has become due with respect to the Loans held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Banks shall be shared by the Banks pro rata.

(b) Each Bank further agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of the principal of and interest on the Reimbursement Obligations held by it or for its account which is greater than the proportion received in respect of the aggregate amount of the principal of and interest on the Reimbursement Obligations held by or for the account of any other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the aggregate amount of the principal of and interest on the Reimbursement Obligations held by or for the account of the other Banks, and such other adjustments shall be made, as may be required so that all such payments of the aggregate amount of the principal of and interest on the Reimbursement Obligations held by or for the account of the Banks shall be shared by them pro rata.

(c) Nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness hereunder.

(d) The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Loan or LC Reimbursement Obligation, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

SECTION 9.05. Amendments and Waivers. Any provision of this Agreement, the Notes or the Swingline Note may be amended or waived if, but only if, such amendment or

waiver is in writing and is signed by the Borrower and the Required Banks (and, if the rights or duties of the Administrative Agent, the LC Agent or the Swingline Bank are affected thereby, by the Administrative Agent, the LC Agent or the Swingline Bank, as the case may be); provided that no such amendment or waiver shall, unless signed by all the Banks, (i) increase or decrease the Commitment of any Bank (except for a ratable decrease in the Commitments of all Banks) or subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or Swingline Loan or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or Swingline Loan or any fees hereunder or for the termination of any Commitment, (iv) reduce the principal of or rate of interest on any Reimbursement Obligation, (v) postpone the date fixed for payment by the Borrower of any Reimbursement Obligation or extend the expiry date of any Letter of Credit to a date later than the fifth Domestic Business Day prior to the Termination Date, (vi) unless signed by the Swingline Bank, increase the Swingline Commitment, postpone the date fixed for termination of the Swingline Commitment or otherwise affect any of its rights and obligations, or (vii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Section or any other provision of this Agreement.

SECTION 9.06. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of each Bank, the LC Agent and the Swingline Bank.

(b) Any Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Commitment or any or all of its Loans or all or any part of its LC Exposure. If any Bank grants a participating interest to a Participant, whether or not upon notice to the Borrower and the Administrative Agent, such Bank shall remain responsible for the performance of its obligations hereunder, such Bank shall remain the holder of its Loans, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the

Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii), (iii), (iv) or (v) of Section 9.05 without the consent of the Participant. The Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article VIII with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other institutions (each an "Assignee") all, or a proportionate part (equivalent to an initial Commitment of not less than $10,000,000) of all, of its rights and obligations under this Agreement and the Notes, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit I hereto executed by such Assignee and such transferor Bank, with (and subject to) the subscribed consents of the Borrower, the LC Agent, the Swingline Bank and the Administrative Agent (which consents shall not be unreasonably withheld); provided that (i) such consents shall not be required if the Assignee is an affiliate of such transferor Bank or was a Bank immediately prior to such assignment; (ii) such assignment may, but need not, include rights of the transferor Bank in respect of outstanding Money Market Loans and (iii) the $10,000,000 minimum amount specified above for a partial assignment of the transferor Bank's rights and obligations shall not apply if the Assignee was a Bank immediately prior to such assignment. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Commitment as set forth in such instrument of assumption, and the transferor Bank shall be released from its obligations hereunder (and its Commitment shall be reduced) to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, a

new Note is issued to the Assignee. In connection with any such assignment, the transferor Bank shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of $2,500; provided that the Borrower shall pay such administrative fee if such assignment is required by the Borrower pursuant to Section 8.06. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrower and the Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 8.04.

(d) Any Bank may at any time assign all or any portion of its rights under this Agreement and its Note to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

(e) No Assignee, Participant or other transferee of any Bank's rights shall be entitled to receive any greater payment under Section 8.03 or 8.04 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 8.02, 8.03 or 8.04 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 9.07. No-Reliance on Margin Stock. Each of the Banks represents to the Administrative Agent and each of the other Banks that it in good faith is not relying upon any "margin stock" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.08. Governing Law; Submission to Jurisdiction. (a) Each Letter of Credit and Section 2.17 shall be subject to the UCP, and, to the extent not inconsistent therewith, the laws of the State of New York.

(b) SUBJECT TO CLAUSE (a) OF THIS SECTION, THIS AGREEMENT, EACH NOTE AND THE SWINGLINE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(c) The Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this

Agreement, the Notes, the Swingline Note or the transactions contemplated hereby or thereby. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 9.09. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES, THE SWINGLINE NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

WOOLWORTH CORPORATION

By /s/ John H. Cannon

Name: John H. Cannon
Title: Vice President & Treasurer

233 Broadway
New York, New York 10279-0003
Facsimile number: 212-553-2094

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By /s/ James E. Condon

Name: James E. Condon
Title: Vice President

NATIONSBANK, N.A.
as Documentation Agent and a Bank

By /s/ Marcus A. Boyer

Name: Marcus A. Boyer
Title: Senior Vice President

THE BANK OF NEW YORK

By /s/ Howard F. Bascom, Jr.

Name: Howard F. Bascom, Jr.
Title: Vice President

THE BANK OF NOVA SCOTIA
as Co-Agent and a Bank

By /s/ J. Alan Edwards

Name: J. Alan Edwards
Title: Authorized Signatory

BANK OF TOKYO-MITSUBISHI TRUST
COMPANY
as Co-Agent and a Bank

By /s/ Amanda S. Ryan

Name: Amanda S. Ryan
Title: Vice President

TORONTO DOMINION (NEW YORK),INC.
as Co-Agent and a Bank

By /s/ David G. Parker

Name: David G. Parker
Title: Vice President

BANK OF AMERICA ILLINOIS

By /s/ John W. Pocalyko

Name: John W. Pocalyko
Title: Vice President

COMMERZBANK AG, NEW YORK AND/OR
GRAND CAYMAN BRANCHES

By /s/ Subash R. Viswanathan

Name: Subash R. Viswanathan
Title: Vice President

By /s/ Andrew R. Campbell

Name: Andrew R. Campbell
Title: Assistant Treasurer

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Mark Campellone

Name: Mark Campellone
Title: Vice President

DEUTSCHE BANK AG, NEW YORK AND/OR
CAYMAN ISLAND BRANCH

By /s/ Susan M. O'Connor

Name: Susan M. O'Connor
Title: Director

By /s/ Peter M. Wood, Jr.

Name: Peter M. Wood, Jr.
Title: Director

KEYBANK NATIONAL ASSOCIATION

By /s/ Karen A. Lee

Name: Karen A. Lee
Title: Vice President

WELLS FARGO BANK, N.A.

By /s/ Kathleen S. Barnes

Name: Kathleen S. Barnes
Title: Vice President

By /s/ Steve Newell

Name: Steve Newell
Title: Assistant Vice President

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

By /s/ Howard F. Bascom, Jr.

Name: Howard F. Bascom, Jr.
Title: Vice President

One Wall Street, 18th Fl. North
New York, New York 10286
Attention: Carolyn Surles
Assistant Treasurer
Facsimile number: 212-635-6385

COMMITMENT SCHEDULE

Bank	Commitment
Morgan Guaranty Trust Company of New York	$ 75,000,000
NationsBank, N.A.	$ 64,500,000
The Bank of New York	$ 64,500,000
The Bank of Nova Scotia	$ 47,000,000
Bank of Tokyo-Mitsubishi Trust Company	$ 47,000,000
Toronto Dominion (New York), Inc.	$ 47,000,000
Bank of America Illinois	$ 30,000,000
Commerzbank AG, New York and/or Grand Cayman Branches	$ 25,000,000
Credit Lyonnais New York Branch	$ 25,000,000
Deutsche Bank AG, New York and/or Cayman Island Branch	$ 25,000,000
KeyBank National Association	$ 25,000,000
Wells Fargo Bank, N.A.	$ 25,000,000
Total	$500,000,000

PRICING SCHEDULE

The "Euro-Dollar Margin", "Non-Trade LC Fee Rate", "CD Margin" and "Facility Fee Rate" for any day are the respective percentages per annum set forth below in the applicable row under the column corresponding to the Pricing Level that applies on such day:

Pricing Level	Level I	Level II	Level III	Level IV	Level V	Level VI
Euro-Dollar Margin and Non-Trade LC Fee Rate						
If Utilization is 50% or less	.1700	.2000	.2500	.3000	.4375	.8200
If Utilization exceeds 50%	.1700	.2500	.3250	.3750	.5125	.8950
CD Margin						
If Utilization is 50% or less	.2950	.3250	.3750	.4250	.5625	.9450
If Utilization exceeds 50%	.2950	.3750	.4500	.5000	.6375	1.0200
Facility Fee Rate	.0800	.1000	.1250	.1500	.1875	.3000

For purposes of this Schedule, the following terms have the following meanings:

"Level I Pricing" applies on any day on which (i) the Borrower's commercial paper is rated A2 or higher by S&P and P2 or higher by Moody's and (ii) the Borrower's long-term debt is rated A- or higher by S&P and A3 or higher by Moody's.

"Level II Pricing" applies on any day on which (i) the Borrower's commercial paper is rated A2 or higher by S&P and P2 or higher by Moody's and (ii) the Borrower's long-term debt is rated BBB+ or higher by S&P and Baa1 or higher by Moody's.

"Level III Pricing" applies on any day on which (i) the Borrower's commercial paper is rated A2 or higher by S&P and P2 or higher by Moody's and (ii) the Borrower's long-term debt is rated BBB or higher by S&P and Baa2 or higher by Moody's.

"Level IV Pricing" applies on any day on which (i) the Borrower's commercial paper is rated A3 or higher by S&P and P3 or higher by Moody's and (ii) the Borrower's long-term debt is rated BBB- or higher by S&P and Baa3 or higher by Moody's.

"Level V Pricing" applies on any day on which (i) the Borrower's commercial paper is rated A3 or higher by S&P and P3 or higher by Moody's and (ii) the Borrower's long-term debt is rated BB+ or higher by S&P and Ba1 or higher by Moody's.

"Level VI Pricing" applies on any day if no other Pricing Level applies on such day.

"Moody's" means Moody's Investors Service, Inc.

"Pricing Level" refers to the determination of which of Level I Pricing, Level II Pricing, Level III Pricing, Level IV Pricing, Level V Pricing or Level VI Pricing applies on any day.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Utilization" means at any date the percentage equivalent of a fraction (i) the numerator of which is the Total Usage at such date, after giving effect to any borrowing or repayment on such date, and (ii) the denominator of which is the Total Commitments at such date, after giving effect to any reduction of the Commitments on such date. For purposes of this Schedule, if for any reason any Bank has any Credit Exposure after the Commitments terminate, the Utilization on and after the date of such termination shall be deemed to exceed 50%.

The credit ratings to be utilized for purposes of this Schedule are those assigned to the unsecured commercial paper of the Borrower without third-party credit enhancement or to the senior unsecured long-term debt securities of the Borrower without third-party credit enhancement, as the case may be. Any rating assigned to any other commercial paper or debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

EXHIBIT A

NOTE

New York, New York
, 19

For value received, Woolworth Corporation, a New York corporation (the "Borrower"), promises to pay to the order of _____________ (the "Bank"), for the account of its Applicable Lending Office, the unpaid principal amount of each Loan made by the Bank to the Borrower pursuant to the Credit Agreement referred to below on the maturity date thereof provided for in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of The Bank of New York, One Wall Street, 18 North, New York, New York.

All Loans made by the Bank, the respective types thereof and all repayments of the principal thereof shall be recorded by the Bank and, if the Bank so elects in connection with any transfer or enforcement hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding may be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that neither the failure of the Bank to make any such recordation or endorsement, nor any error therein, shall affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the Notes referred to in the Credit Agreement dated as of April 9, 1997 among the Borrower, the Banks, Co-Agents, Documentation Agent, LC

Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

WOOLWORTH CORPORATION

By________________________
Title:

Note (cont'd)

LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Amount of Principal Repaid	Notation Made By

EXHIBIT B

SWINGLINE NOTE

New York, New York
, 199

For value received, WOOLWORTH CORPORATION, a New York corporation (the "Borrower"), promises to pay to the order of THE BANK OF NEW YORK (the "Swingline Bank") the unpaid principal amount of each Swingline Loan made by the Swingline Bank to the Borrower pursuant to the Credit Agreement referred to below on the maturity date provided for in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of each such Swingline Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of The Bank of New York, One Wall Street, 18 North, New York, New York.

All Swingline Loans made by the Swingline Bank and all repayments of the principal thereof shall be recorded by the Swingline Bank and, if the Swingline Bank so elects in connection with any transfer or enforcement hereof, appropriate notations to evidence the foregoing information with respect to each such Swingline Loan then outstanding may be endorsed by the Swingline Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that neither the failure of the Swingline Bank to make any such recordation or endorsement, nor any error therein, shall affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is the Swingline Note referred to in the Credit Agreement dated as of April 9, 1997 among the Borrower, the Banks, Co-Agents, Documentation Agent, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same

meanings. Reference is made to the Credit Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

WOOLWORTH CORPORATION

By________________________
Title:

EXHIBIT C

Form of Money Market Quote Request

[Date]

To: The Bank of New York
(the "Administrative Agent")

From: Woolworth Corporation

Re: Credit Agreement dated as of April 9, 1997 (as amended from time to time, the "Credit Agreement") among the Borrower, the Banks, Co-Agents, Documentation Agent, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent

We hereby give notice pursuant to Section 2.03 of the Credit Agreement that we request Money Market Quotes for the following proposed Money Market Borrowing(s):

Date of Borrowing: --------------------

Principal Amount*	Interest Period**
$	

Such Money Market Quotes should offer a Money Market [Margin] [Absolute Rate]. [The applicable base rate is the London Interbank Offered Rate.]

- --------

*Amount must be $25,000,000 or a larger multiple of $1,000,000.

**Not less than one month (LIBOR Auction) or not less than 14 days (Absolute Rate Auction), subject to the provisions of the definition of Interest Period.

Terms used herein have the meanings assigned to them in the Credit Agreement.

WOOLWORTH CORPORATION

By_________________________
Title:

EXHIBIT D

Form of Invitation for Money Market Quotes

To: [Name of Bank]

Re: Invitation for Money Market Quotes to
Woolworth Corporation (the "Borrower")

Pursuant to Section 2.03 of the Credit Agreement dated as of April 9, 1997 among the Borrower, the Banks, Co-Agents, Documentation Agent, LC Agent and Swingline Bank and Documentation Agent party thereto and The Bank of New York, as Administrative Agent (as amended from time to time, the "Credit Agreement"), we are pleased on behalf of the Borrower to invite you to submit Money Market Quotes to the Borrower for the following proposed Money Market Borrowing(s):

Date of Borrowing: --------------------

Principal Amount	Interest Period
$	

Such Money Market Quotes should offer a Money Market [Margin] [Absolute Rate]. [The applicable base rate is the London Interbank Offered Rate.]

Please respond to this invitation by no later than [2:00 P.M.] [9:30 A.M.] (New York City time) on [date].

Terms used herein have the meanings assigned to them in the Credit Agreement.

THE BANK OF NEW YORK

By______________________
Authorized Officer

EXHIBIT E

Form of Money Market Quote

To: The Bank of New York,
as Administrative Agent

Re: Money Market Quote to Woolworth
Corporation (the "Borrower")

In response to your invitation on behalf of the Borrower dated _____________, 199[ ], we hereby make the following Money Market Quote on the following terms:

1. Quoting Bank: ________________________________

2. Person to contact at Quoting Bank:

____

3. Date of Borrowing: ____________________*

4. We hereby offer to make Money Market Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

Principal Amount**	Interest Period***	Money Market [Margin****] [Absolute Rate*****]
$		
$		

[Provided, that the aggregate principal amount of Money Market Loans for which the above offers may be accepted shall not exceed$____________.]**

- ----------

* As specified in the related Invitation.

** Principal amount bid for each Interest Period may not exceed principal amount requested. Specify aggregate limitation if the sum of the individual offers exceeds the amount the Bank is willing to lend. Bids must be made for $5,000,000 or a larger multiple of $1,000,000.

(notes continued on following page)

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Credit Agreement dated as of April 9, 1997 among the Borrower, the Banks, Co-Agents, Documentation Agents, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent (as amended from time to time, the "Credit Agreement"), irrevocably obligates us to make the Money Market Loan(s) for which any offer(s) are accepted, in whole or in part.

Terms used herein have the meanings assigned to them in the Credit Agreement.

Very truly yours,

[NAME OF BANK]

Dated:_______________ By:__________________________
Authorized Officer

- ----------

*** Not less than one month or not less than 14 days, as specified in the related Invitation. No more than five bids are permitted for each Interest Period.

**** Margin over or under the London Interbank Offered Rate determined for the applicable Interest Period. Specify percentage (to the nearest 1/10,000 of 1%) and specify whether "PLUS" or "MINUS".

***** Specify rate of interest per annum (to the nearest 1/10,000th of 1%).

EXHIBIT F

OPINION OF SPECIAL
COUNSEL FOR THE BORROWER

[Effective Date]

The Bank of New York,
as Administrative Agent
and Swingline Bank
One Wall Street
18 North
New York, New York 10286

and

The banks party to the Credit Agreement referred to below, as listed on Schedule I hereto (the "Banks")

Ladies and Gentlemen:

We have acted as special counsel to Woolworth Corporation, a New York corporation (the "Borrower"), in connection with the preparation, execution and delivery of, the Credit Agreement, dated as of April 9, 1997 (the "Credit Agreement") among the Borrower, the Banks, Co-Agents, Documentation Agent, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent. This opinion is being delivered pursuant to Section 3.01(c) of the Credit Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings herein as ascribed thereto in the Credit Agreement.

In our examination we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon statements and representations of the Borrower and its officers and other representatives and of public officials, including the facts set forth in the Borrower's Certificate described below.

In rendering the opinions set forth herein, we have examined and relied on originals or copies of the following:

(a) the Credit Agreement;

(b) the Notes and Swingline Note delivered to you on the date hereof;

(c) the certificate of the Borrower executed by Andrew P. Hines dated the date hereof, a copy of which is attached as Exhibit A hereto (the "Borrower's Certificate");

(d) certified copies of the Certificate of Incorporation and By-laws of the Borrower;

(e) a certified copy of certain resolutions of the Board of Directors of the Borrower adopted on March 12, 1997; and

(f) such other documents as we have deemed necessary or appropriate as a basis for the opinions set forth below.

The Credit Agreement, the Notes and the Swingline Note shall hereinafter be referred to collectively as the "Transaction Documents."

Members of our firm are admitted to the bar of the State of New York. We express no opinion as to the laws of any jurisdiction other than (i) the laws of the State of New York, and (ii) the federal laws of the United States of America to the extent specifically referred to herein.

Based on the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that:

1. The Borrower has been duly incorporated and is validly existing and in good standing under the laws of the State of New York.

2. The Borrower has the corporate power and authority to (i) carry on its business as described in the Borrower's 1995 Form 10-K and (ii) execute, deliver and perform all of its obligations under each of the Transaction Documents and to borrow and to incur reimbursement obligations with respect to letters of credit issued thereunder. The execution and delivery of each of the Transaction Documents and the consummation by the Borrower

of the transactions contemplated thereby have been duly authorized by all requisite corporate action on the part of the Borrower. Each of the Transaction Documents has been duly executed and delivered by the Borrower.

3. Each of the Transaction Documents constitutes a valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to the following qualifications:

(a) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law);

(b) we express no opinion as to the enforceability of any rights to contribution or indemnification provided for in the Transaction Documents which are violative of the public policy underlying any law, rule or regulation (including any federal or state securities law, rule or regulation); and

(c) we express no opinion as to Section 9.04 of the Credit Agreement to the extent it authorizes or permits any party to any Transaction Document or any purchaser of a participation interest for any such party to set off or apply any deposit, property or indebtedness with respect to any participation interest.

4. The execution and delivery by the Borrower of each of the Transaction Documents and the performance by the Borrower of its obligations under each of the Transaction Documents, each in accordance with its terms, do not conflict with the Certificate of Incorporation or By-laws of the Borrower.

5. Neither the execution, delivery or performance by the Borrower of the Transaction Documents nor the compliance by the Borrower with the terms and provisions thereof will contravene any provision of any Applicable Law (as hereinafter defined). "Applicable Laws" shall mean those laws, rules and regulations of the State of New York and of the United States of America (including, without limitation, Regulations G, U and X of the Federal Reserve Board) which, in our experience, are normally applicable to transactions of the type contemplated by the Transaction Documents.

6. No Governmental Approval (as hereinafter defined), which has not been obtained or taken and is not in full force and effect, is required to authorize or is required in connection with the execution, delivery or performance of any of the Transaction Documents by the Borrower. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any Governmental Authority (as hereinafter defined) pursuant to Applicable Laws. "Governmental Authority" means any New York or federal legislative, judicial, administrative or regulatory body.

7. Neither the execution, delivery or performance by the Borrower of its obligations under the Transaction Documents nor compliance by the Borrower with the terms thereof will contravene any Applicable Order (as hereinafter defined) against the Borrower. "Applicable Orders" means those orders, judgments or decrees of Governmental Authorities identified in paragraph 2 of the Borrower's Certificate.

8. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

In rendering the foregoing opinions, we have assumed, with your consent, that:

(a) the execution, delivery and performance of any of the Borrower's obligations under the Transaction Documents does not and will not conflict with, contravene, violate or constitute a default under (i) to your knowledge, any lease, indenture, instrument or other agreement to which the Borrower or its property is subject, (ii) any rule, law or regulation to which the Borrower is subject (other than Applicable Laws as to which we express our opinion in paragraph 5 herein) or (iii) any judicial or administrative order or decree of any governmental authority (other than Applicable Orders as to which we express our opinion in paragraph 7 herein); and

(b) no authorization, consent or other approval of, notice to or filing with any court, governmental authority or regulatory body (other than Governmental Approvals as to which we express our opinion in paragraph 6 herein) is required to authorize or is required in connection with the execution, delivery or performance by the Borrower of the Transaction Documents or the transactions contemplated thereby.

We understand that you are separately receiving an opinion, dated as of the date hereof, with respect to the foregoing from Gary M. Bahler (the "General Counsel Opinion") and we are advised that such opinion contains qualifications. Our opinions herein stated are based on the assumptions specified above and we express no opinion as to the effect on the opinions herein stated of the qualifications contained in the General Counsel Opinion.

Our opinions are also subject to the following assumptions and qualifications:

(a) we have assumed each of the Transaction Documents constitutes the legal, valid and binding obligation of each party to such Transaction Document (other than the Borrower) enforceable against such party (other than the Borrower) in accordance with its terms; and

(b) we express no opinion as to the effect on the opinion expressed herein of (i) the compliance or non-compliance of any party (other than the Borrower) to the Transaction Documents with any state, federal or other laws or regulations applicable to it or (ii) the legal or regulatory status or the nature of the business of any party (other than the Borrower) to the Transaction Documents.

In rendering the opinions herein stated, we have taken into account the fact that you have asked the Borrower to make, and the Borrower has made, the representation set forth in Section 4.02 of the Credit Agreement.

This opinion is being furnished only to you and is solely for your benefit and is not to be relied upon by any other Person or for any other purpose without our prior written consent, provided, however, that any Assignee that becomes a Bank pursuant to Section 9.06(c) of the Credit Agreement may rely on this opinion as if it were addressed to such Assignee and delivered on the date hereof.

Very truly yours,

Schedule I
to SASM&F Opinion

Lenders

1. Morgan Guaranty Trust Company of New York
2. NationsBank, N.A.
3. The Bank of New York
4. The Bank of Nova Scotia
5. Bank of Tokyo-Mitsubishi Trust Company
6. Toronto Dominion (New York), Inc.
7. Bank of America Illinois
8. Commerzbank AG, New York and/or Grand Cayman Branches
9. Credit Lyonnais New York Branch
10. Deutsche Bank AG, New York and/or Cayman Island Branch
11. KeyBank National Association
12. Wells Fargo Bank, N.A.

Exhibit G

[Form of Opinion of Borrower's General Counsel]

[Woolworth letterhead]

April 9, 1997

The Bank of New York,
as Administrative Agent
and Swingline Bank
One Wall Street
18 North
New York, New York 10286

and

The banks party to the
Credit Agreement referred to
below, as listed on Schedule I
hereto (the "Banks")

Ladies and Gentlemen:

I am General Counsel of Woolworth Corporation, a New York corporation (the "Borrower"), and have acted as such in connection with the preparation, execution and delivery of, the Credit Agreement, dated as of April 9, 1997 (the "Credit Agreement"), among the Borrower, the Banks, Co-Agents, Documentation Agent, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent. This opinion is being delivered pursuant to Section 3.01(d) of the Credit Agreement. Capitalized terms used and not otherwise defined herein shall have the same meanings herein as ascribed thereto in the Credit Agreement.

In my examination I have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which I

did not independently establish or verify, I have relied upon statements and representations of the Borrower and its officers and other representatives and of public officials.

In rendering the opinions set forth herein, I, or a lawyer acting under my general supervision, have examined and relied on originals or copies of the following:

(a) the Credit Agreement;

(b) the Notes and the Swingline Note delivered to you on the date hereof;

(c) certified copies of the Certificate of Incorporation and By-laws of the Borrower;

(d) a copy of certain resolutions of the Board of Directors of the Borrower adopted on March 12, 1997; and

(e) such other documents as I have deemed necessary or appropriate as a basis for the opinions set forth below.

The Credit Agreement, the Notes and the Swingline Note shall hereinafter be referred to collectively as the "Transaction Documents."

I am a member of the bar of the State of New York and I do not express any opinion herein concerning any law other than the laws of the State of New York.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that:

1. Each of the Transaction Documents has been duly executed and delivered by the Borrower.

2. The execution and delivery by the Borrower of each of the Transaction Documents and the performance by the Borrower of its obligations under each of the Transaction Documents, each in accordance with its terms, do not (i) constitute a violation of or a default under any Applicable Contracts (as hereinafter defined) or (ii) cause the creation of any security interest or lien upon any of the property of the Borrower pursuant to any Applicable Contracts. I do not express any opinion, however, as to whether the execution, delivery or performance by the Borrower of the Transaction Documents will constitute a violation of or a default under any covenant, restriction or provision with respect to financial ratios or tests or any

aspect of the financial condition or results of operations of the Borrower as set forth in the Transaction Documents or otherwise. "Applicable Contracts" mean those agreements or instruments which are material to the business or financial condition of the Borrower.

3. Except for the Designated Litigation, there is no action, suit or proceeding pending against, or to the best of my knowledge threatened against or affecting, the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which could reasonably be expected to result in a Material Adverse Effect.

This opinion is being furnished only to you and is solely for your benefit and is not to be relied upon by any other Person or for any other purpose without my prior written consent, provided, however, that any Assignee that becomes a Bank pursuant to Section 9.06(c) of the Credit Agreement may rely on this opinion as if it were addressed to such Assignee and delivered on the date hereof.

Very truly yours,

Schedule I
to Woolworth Opinion

Lenders

1. Morgan Guaranty Trust Company of New York
2. NationsBank, N.A.
3. The Bank of New York
4. The Bank of Nova Scotia
5. Bank of Tokyo-Mitsubishi Trust Company
6. Toronto Dominion (New York), Inc.
7. Bank of America Illinois
8. Commerzbank AG, New York and/or Grand Cayman Branches
9. Credit Lyonnais New York Branch
10. Deutsche Bank AG, New York and/or Cayman Island Branch
11. KeyBank National Association
12. Wells Fargo Bank, N.A.

EXHIBIT H

OPINION OF
DAVIS POLK & WARDWELL, SPECIAL COUNSEL
FOR THE ARRANGER AND SYNDICATION AGENT

To the Banks, the Swingline Bank and the
Administrative Agent Referred to Below
c/o The Bank of New York,
as Administrative Agent
One Wall Street
18 North
New York, New York 10286

Dear Sirs:

We have participated in the preparation of the Credit Agreement (the "Credit Agreement") dated as of April 9, 1997 among Woolworth Corporation, a New York corporation (the "Borrower"), the Banks (the "Banks"), Co-Agents, Documentation Agent, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent, and have acted as special counsel for the Arranger and Syndication Agent for the purpose of rendering this opinion pursuant to Section 3.01(e) of the Credit Agreement. Terms defined in the Credit Agreement are used herein as therein defined.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion.

Upon the basis of the foregoing, we are of the opinion that:

1. The execution, delivery and performance by the Borrower of the Credit Agreement, the Notes and the Swingline Note are within the Borrower's corporate powers

and have been duly authorized by all necessary corporate action.

2. The Credit Agreement constitutes a valid and binding agreement of the Borrower and each Note and the Swingline Note delivered to you today constitutes a valid and binding obligation of the Borrower, in each case enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the federal laws of the United States of America. In giving the foregoing opinion, we express no opinion as to the effect (if any) of any law of any jurisdiction (except the State of New York) in which any Bank is located which limits the rate of interest that such Bank may charge or collect.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by any other person without our prior written consent; provided that any Assignee that becomes a Bank pursuant to Section 9.06(c) of the Credit Agreement may rely on this opinion as if it were addressed to such Assignee and delivered on the date hereof.

Very truly yours,

EXHIBIT I

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of _________, 19__ among [ASSIGNOR] (the "Assignor") and [ASSIGNEE] (the "Assignee").

W I T N E S S E T H

WHEREAS, this Assignment and Assumption Agreement (the "Agreement") relates to the Credit Agreement dated as of April 9, 1997 among Woolworth Corporation, the Banks, Co-Agents, Documentation Agent, LC Agent and Swingline Bank party thereto and The Bank of New York, as Administrative Agent (as amended from time to time, the "Credit Agreement");

WHEREAS, as provided under the Credit Agreement, the Assignor has a Commitment to make Committed Loans to the Borrower and participate in Letters of Credit issued for the account of the Borrower in an aggregate amount at any time outstanding not to exceed $__________;

WHEREAS, Committed Loans made to the Borrower by the Assignor under the Credit Agreement in the aggregate principal amount of $__________ are outstanding at the date hereof; and*

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement in respect of a portion of its Commitment thereunder in an amount equal to $__________ (the "Assigned Amount"), together with a corresponding portion of its outstanding Committed Loans and LC Exposure, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;

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*This clause (and certain other provisions herein) should be modified to reflect the assignment of Money Market Loans if such Loans are being assigned.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein have the respective meanings set forth in the Credit Agreement.

SECTION 2. Assignment. The Assignor hereby assigns and sells to the Assignee all of the rights of the Assignor under the Credit Agreement to the extent of the Assigned Amount, and the Assignee hereby accepts such assignment and purchases such rights from the Assignor and assumes all of the obligations of the Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion of the principal amount of the Committed Loans made by, and the LC Exposure of, the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor, the Assignee, the Borrower and the Administrative Agent and the payment of the amounts specified in Section 3 hereof required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Bank under the Credit Agreement with a Commitment in an amount equal to the Assigned Amount, and (ii) the Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. Payments. (a) As consideration for the assignment and sale contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds the amount heretofore agreed between them.* It is understood that facility fees accrued to the date hereof in respect of the Assigned Amount are for the account of the Assignor and such fees accruing from and including the date hereof are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such

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*Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee.

other party's interest therein and shall promptly pay the same to such other party.

(b) The Assignor shall pay the $2500 administrative fee to be paid by it to the Administrative Agent pursuant to Section 9.06(c) of the Credit Agreement.*

SECTION 4. Consent of the Borrower and the Administrative Agent. This Agreement is conditioned upon the consent of the Borrower, the LC Agent, the Swingline Bank and the Administrative Agent pursuant to Section 9.06(c) of the Credit Agreement. The execution of this Agreement by the Borrower, the LC Agent, the Swingline Bank and the Administrative Agent is evidence of this consent. Pursuant to said Section 9.06(c) the Borrower is obligated to execute and deliver a Note payable to the order of the Assignee, if required, to reflect the assignment provided for herein.

SECTION 5. Non-Reliance on Assignor. The Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, or statements of the Borrower, or the validity and enforceability of the obligations of the Borrower in respect of the Credit Agreement or any Note. The Assignee acknowledges that it has, independently and without reliance on the Assignor, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of the Borrower.

SECTION 6. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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*Section 3(b) should be deleted if the assignment is required by the Borrower pursuant to Section 8.06 of the Credit Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By__________________________
Title:

[ASSIGNEE]

By___________________________
Title:

Consented and agreed to:

WOOLWORTH CORPORATION

By___________________________
Title:

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

By___________________________
Title:

EXHIBIT 11

W O O L W O R T H C O R P O R A T I O N
COMPUTATION OF NET INCOME (LOSS) PER COMMON SHARE
(in millions, except per share amounts)

	1996	1995	1994	1993	1992
FINANCIAL STATEMENT PRESENTATION					
Weighted-average number of common shares outstanding	133.5	132.9	132.3	131.7	130.8
Net income (loss)	$ 169	$ (164)	$ 47	$ (495)	$ 280
Less: Preferred dividends	--	--	--	--	--
Net income (loss) applicable to common shareholders	$ 169	$ (164)	$ 47	$ (495)	$ 280
Net income (loss) per common share	$ 1.26	$ (1.23)	$ 0.36	$ (3.76)	$ 2.14
PRIMARY(1)					
Weighted-average number of common shares outstanding and common share equivalents	134.3	132.9	132.3	131.7	131.2
Net income (loss) applicable to common shares	$ 169	$ (164)	$ 47	$ (495)	$ 280
Net income (loss) per common share	$ 1.26	$ (1.23)	$ 0.36	$ (3.76)	$ 2.13
FULLY DILUTED(1)(2)					
Weighted-average number of common shares outstanding and fully diluted common share equivalents	134.5	132.9	132.3	131.9	131.2
Assumed conversion of preferred stock	--	0.6	0.6	0.6	0.7
Adjusted weighted-average number of common shares and common share equivalents	134.5	133.5	132.9	132.5	131.9
Net income (loss) applicable to common shares	$ 169	$ (164)	$ 47	$ (495)	$ 280
Net income (loss) per common share	$ 1.25	$ (1.23)	$ 0.35	$ (3.74)	$ 2.12

(1) This calculation is submitted in accordance with Securities Exchange Act of 1934 Release No. 9083 although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because it results in dilution of less than 3%.

(2) This calculation is submitted for the 1995 and 1993 net losses in accordance with Regulation S-K item 601(b)(11) although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces anti-dilutive results.

EXHIBIT 12

W O O L W O R T H C O R P O R A T I O N

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

($ in millions)

	1996	1995	1994	1993	1992
NET EARNINGS					
Net income (loss)	$169	$(164)	$ 47	$(495)	$280
Income tax expense (benefit)	111	(69)	49	(303)	157
Gross interest expense, excluding capitalized interest	77	124	110	86	94
Portion of rents deemed representative of the interest factor (1/3)	230	224	211	210	199
	$587	$ 115	$ 417	$(502)	$730
FIXED CHARGES					
Gross interest expense	$ 77	$ 124	$ 111	$ 86	$ 94
Portion of rents deemed representative of the interest factor (1/3)	230	224	211	210	199
	$307	$ 348	$ 322	$ 296	$293
RATIO OF EARNINGS TO FIXED CHARGES	1.9	.3	1.3	--	2.5

Earnings were not adequate to cover fixed charges by $233 million in 1995 and $798 million in 1993.

EXHIBIT 13

[WOOLWORTH
CORPORATION LOGO]

PROGRESS
- --

1996 ANNUAL REPORT

COMPANY PROFILE

Woolworth Corporation is a diversified global retailer operating specialty and general merchandise stores and related support facilities in North America, Europe, Australia, and Asia. Specialty formats include such chains as Foot Locker, Lady Foot Locker, Kids Foot Locker, and Champs Sports athletic footwear and apparel stores; the Northern Reflections, Northern Traditions, Northern Elements, and Northern Getaway apparel stores, and the After Thoughts jewelry stores and Kinney family shoe stores. The Company also operates the familiar Woolworth general merchandise stores in the United States and abroad.

The Company's 82,000 associates around the world are committed to providing their customers with quality merchandise at good value.

CONSOLIDATED STATISTICS IN BRIEF

($ in millions, except per share amounts)	1996	1995	1994
Sales	$8,092	8,224	8,238
Operating profit before non-recurring items	$ 421	209	295
Adoption of accounting standard for impairment of long-lived assets	--	(241)	--
Net gain on sales of real estate	35	34	41
Disposed operations	(45)	(43)	(62)
Operating profit (loss)	$ 411	(41)	274
Net income (loss)	$ 169	(164)	47
Per common share			
Net income (loss)	$ 1.26	(1.23)	.36
Dividends declared	$ --	--	.74
Capital expenditures	$ 134	167	218
Total assets	$3,476	3,506	4,145
Shareholders' equity	$1,334	1,229	1,358
Number of stores at year end	7,746	8,178	8,629

DEAR SHAREHOLDERS:

ROGER N. FARAH [PHOTO]
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER (LEFT)

DALE W. HILPERT
PRESIDENT AND
CHIEF OPERATING OFFICER

WOOLWORTH CORPORATION MADE STRONG PROGRESS IN 1996. We continued to aggressively implement the programs and disciplines that are part of our strategic plan. We also made significant improvements in our near-term performance, which are clearly demonstrated by the Company's 1996 results. In addition, in 1996 we set the stage for creating and sustaining consistent and profitable growth.

In this annual report we will describe our progress. We will show you how the changes we put in place throughout our organization beginning in 1995 have enabled Woolworth to now shift its focus from primarily repairing what was broken, to building and growing our Company into a world-class retailer.

Aggressively implementing our strategic plan is the key to this growth, and we expect our plan to continue to produce improved earnings and cash flow for the Company in 1997. It is in this way that we intend to create value for our shareholders.

REVIEW OF 1996

- - WE ACHIEVED SOLID INCREASES IN OPERATING INCOME AND IN NET INCOME:

Woolworth returned to profitability, recording net income for 1996 of $169 million, or $1.26 per share, and operating profit before non-recurring items of $421 million, compared to $209 million in 1995.

- - WE GAINED FINANCIAL STRENGTH AND FLEXIBILITY:

The reduction in total debt of $116 million, or 16 percent; decline in interest expense of $46 million, or 39 percent; elimination of short-term debt, and creation of cash on hand of $321 million at year-end all contributed to our stronger financial position and provided us with financial flexibility.

- - WE STRENGTHENED OUR GLOBAL ORGANIZATION:

High-quality management teams were established at both the corporate and operating division levels to pursue growth opportunities on an international level.

- - WE ACTIVELY MANAGED OUR ASSETS:

Vigorous efforts in inventory management, expense management, dispositions of non-strategic real estate, and reductions in the number of unprofitable stores benefited all corporate and business units.

- - WE SUBSTANTIALLY REDUCED EXPENSES:

Operating costs declined dramatically both in absolute terms and as a percentage of sales as a result of corporate-wide programs to sharpen productivity.

- - WE IMPROVED OUR INFRASTRUCTURE:

Better distribution processes support our operating businesses, while new, more focused approaches introduced in human resources, real estate, and information systems are upgrading the level of services we are providing to our businesses.

ELIMINATION OF SHORT-TERM DEBT
($ millions)

	TOTAL DEBT NET OF CASH	SHORT TERM
1994	1,116	853
1995	700	69
1996	276	--

NOTE: DEBT DOES NOT INCLUDE
OPERATING LEASES

TODAY'S SOUND FINANCIAL POSITION

Woolworth Corporation's substantially improved financial position is one of the clearest measures of our strong progress. It reflects our efforts over the past two years to systematically address and correct important financial issues that needed to be resolved before we could fully devote our efforts to reinvesting in our businesses to create sustained and productive growth.

Since 1994, we made significant progress in restructuring and reducing debt, which has lowered interest expense. We also developed programs to actively manage our assets which provided cash: We lowered inventories by $353 million (at cost), and upgraded their quality. We lowered our operating expenses by over $200 million. We disposed of non-strategic businesses and properties which generated cash proceeds of $222 million. And, as we increased our cash flow, we also reduced our capital expenditures, focusing our spending on our most strategic opportunities.

As a result, we moved from consuming cash -- some $1.2 billion between 1992 and 1994 -- to generating a total of $667 million at the end of 1996. At year-end 1996, total debt is 31 percent of total capitalization (excluding operating leases), compared to 1994, when total debt was 47 percent of total capitalization.

Our strengthened financial position allowed us to recently reduce our revolving credit facility from $1 billion to $500 million. This will help in lowering borrowing costs in future years.

STRONG IMPROVEMENTS IN OPERATING EARNINGS

The Company's substantially increased earnings reflect operating improvements shown by all of our principal businesses. Our worldwide Athletic Group turned in an outstanding performance and our Northern Group of apparel stores in the United States and Canada also made a strong contribution. Improved results were shown by our general merchandise operations in the United States and Germany as they aggressively implemented strategic initiatives, which need to continue in 1997.

The outstanding performance of our Athletic Group will be enhanced by our early-1997 purchase of Eastbay, a leading catalogue retailer of athletic merchandise. Our strong financial position ensured that we were able to comfortably make this acquisition while still continuing to generate sufficient funds to continue our ongoing turnaround efforts.

Our results for 1996 demonstrate the progress that we have made as well as the challenges that we face in growing our Company as we move ahead and continue to implement our strategic plan. Our strong financial base is important to us; however, as a result of our progress over the past two years, we can now turn our primary efforts to building our businesses by pursuing strategies of growth and expansion.

OUR STRATEGIC PLAN, OUR CORPORATE INITIATIVES, AND OUR VISION

In 1995, we began to implement our strategic plan and corporate-wide initiatives. Our long-term vision at the heart of that plan focuses on Woolworth Corporation as a global retailer, consistently achieving world-class results: a fully integrated business with a merchandising focus,

comprising high-return and high-growth operations sharing a state-of-the-art infrastructure, and managed from a global perspective. The culture of this rebuilt company will be one that is stimulated by change, driven by a quest for excellence, and characterized by intellectual curiosity and agility.

Corporate-wide initiatives help us to organize and focus specific strategies which will lead to fully realizing our long-term vision. They are a part of our strategic plan and address common issues faced by our operating businesses, and are tailored to differences among operations. Our corporate-wide initiatives require that we effectively manage our asset base, eliminating assets -- whether businesses or properties -- that are non-strategic or underperforming. We manage these initiatives at the corporate level and monitor them centrally. We are making progress against each of these initiatives in line with our strategic plan.

AGGRESSIVE INVENTORY MANAGEMENT

Over the past two years, we have substantially reduced our inventory levels -- by $353 million (at cost), or 22 percent. As a result, we have lowered our investment and have, at the same time, improved new-product flow to our stores. We have taken merchandise out of distribution centers and back rooms and put it on the selling floors of our retail stores. And, we have taken old and unwanted merchandise out of the system. As of the end of 1996, we have virtually eliminated all merchandise older than 12 months, and improved annual merchandise turnover from 2.1 times at the end of 1994 to 2.5 times at the end of 1996. Today we are operating with less inventory, and the quality of our inventory is much improved.

We have embraced the disciplines of merchandise planning and forecasting and made them a regular part of the way we operate our businesses. In addition, we have established standards for aging of inventory by operating business and by category within each business, so that we can continue to regularly flow exciting and fresh merchandise to our stores.

IMPROVED PRODUCTIVITY THROUGH EXPENSE MANAGEMENT

Over the past two years, vigorous efforts to improve productivity throughout the Company have enabled us to substantially reduce operating expenses both in absolute dollars and as a percentage of sales.

We have established Profit Improvement Committees in each of our businesses to identify ineffective processes. As a result, we have improved productivity in a variety of different areas. By continuing to reduce the cost of running our businesses and increase our productivity, we can be assured of becoming a much more nimble and effective competitor in today's challenging marketplace.

SIGNIFICANT REDUCTION OF UNPROFITABLE STORES AND NON-STRATEGIC BUSINESSES

Dispositions of unprofitable stores and non-strategic businesses allow the Company to reduce its investment and to reinvest in its most productive assets. They also enable the Company to focus its efforts on those businesses that are most meaningful. During 1996, we continued with our aggressive program of dispositions, eliminating the Rx Place Drug Mart and Accessory Lady chains in the United

REDUCTION OF INVENTORY
($ millions at cost)

Year	Inventory
1994	1,622
1995	1,364
1996	1,269

POSITIVE NET CASH FLOW FROM CONTINUING OPERATIONS
($ millions)

$1.2 B CASH CONSUMED			$667 M GENERATED	
1992	1993	1994	1995	1996
(118)	(406)	(674)	333	334

States and the Silk & Satin lingerie chain in Canada. In Germany, we sold the Lady Plus apparel chain and the Rubin jewelry chain as well as our interest in the New Yorker Sud jeans business. In addition, we recently completed the disposition of the Gallery shoe store chain in Australia and the Moderna shoe store chain in Germany. We will continue our work on dispositions over the coming year.

Through a combination of store closings and operating improvement programs, we are making progress in reducing the number of unprofitable stores. Over the two-year period including 1995 and 1996, we have eliminated 1,443 non-productive stores.

REAL ESTATE STRATEGIES TO DRIVE GROWTH

We have made changes to our real estate group throughout 1996 and added considerably to our in-house expertise. These changes strengthened our organization and better positioned us to grow through opening new stores and renewing our existing store base through remodelings and relocations. We are also focusing on updating store designs to ensure that merchandise is showcased in an environment that is appealing to our customers.

During 1997 we will begin an aggressive program of new-store openings, remodelings, and relocations to help improve comparable-store growth. We plan to open about 400 new stores and we will be working on about 500 relocations and remodelings of existing stores, mostly in specialty concepts. The Athletic Group and Northern Group formats, our highest-return businesses, will see the heaviest concentration of these programs. In addition, we will continue our ongoing remodeling of the Kinney shoe store chain and begin work on a new, updated design for our After Thoughts jewelry store chain. We also plan to remodel additional Woolworth general merchandise stores in the United States along the lines of the prototype stores tested in Wilmington, Delaware in 1996.

MORE EFFICIENT LOGISTICS AND DISTRIBUTION PROCESSES

During 1996, we continued to make progress in redesigning the flow of merchandise to our stores. We completed the principal consolidation of space in our North American distribution network, which now consists of four major service centers -- reduced from 13 facilities at the end of 1994. We are currently installing a new, warehouse-management system in our Junction City, Kansas center, which utilizes state-of-the-art equipment and systems to better manage the distribution process so we can speed merchandise to our stores to drive our business. We plan to install this system throughout our North American distribution network over the next several years.

Improved distribution processes have helped us upgrade the level of service to our stores, while, at the same time, reducing the cost of delivering merchandise. We will continue to work with our vendors to rationalize the distribution process on a supply-chain basis, allowing us to leverage our scale and the synergies that exist

across divisions. Our logistics and distribution initiatives have also complemented our inventory management efforts and are helping us keep our inventories lean.

NEW GLOBAL INFORMATION SYSTEMS

During 1996, we completed an in-depth analysis of our information systems and established a plan to transform their architecture to more effectively support our integrated global retailing approach, including creating common merchandising systems as well as accounting and financial reporting systems. In rebuilding our information systems, we will use common business processes and standard measures of performance worldwide, and we will leverage knowledge and best practices across all operating divisions. Our goal is to have consistency in practices and quality of information throughout our Company.

We will use our new systems to help drive the growth of our businesses and to enable us to achieve increased sales and improved gross margin and inventory turnover levels. We expect that our enhanced systems -- like those we have begun to install as a part of our logistics initiative -- will help us achieve our expense-reduction targets. Improved systems will also help us develop a common information-driven culture and a standard management approach worldwide.

CHANGING THE CULTURE THROUGH HUMAN RESOURCES

We have made good progress in creating a performance-based culture through human resources processes. We've placed great emphasis on training, and have designed specific programs to close the gaps in our merchandising skills, which were not a focus in the past. Human resources is a significant part of our rebuilding effort and is integrated into how we manage our Company. Since 1995, we have added first-rate management with skills and experience that had been missing from the Company. We also de-layered our organization and better aligned compensation with performance.

During 1996, we made great strides towards completing our senior management team, and continued to implement our new standard for high-quality leadership. We also established a worldwide Human Resources Leadership Team, which meets regularly to develop programs to drive and manage change.

As part of our effort to become a world-class retailer, the Company -- management, associates and directors -- is committed to equal employment opportunity and having a diverse work force at all levels of our organization. This commitment is reflected in our Code of Business Conduct, active minority recruitment programs, and ongoing training programs designed to promote and help ensure work force diversity.

OUR GLOBAL POINT OF VIEW

We believe that managing Woolworth Corporation from a global perspective can add significant value to all our operating businesses. We expect that implementing new, more uniform standards and processes worldwide will lead to consistency in execution and overall higher performance.

CAPITAL EXPENDITURES
($ millions)

Year	
1995	167
1996	134
1997 EST	285

We apply our global approach to our corporate-wide initiatives affecting operating divisions as well as corporate service functions. We also manage our businesses globally, and we have recently centralized the management of certain formats that are located in more than one country: Champs Sports, Kinney, and After Thoughts stores in Canada will each be managed from the United States. This approach -- which gives us a consistent point of view plus the flexibility to adapt to individual market conditions -- has proven successful with our global Foot Locker format, centrally managed from the United States, and our Northern Group chains, managed from Canada, which operate stores in the United States and Canada. Where appropriate, our sales support functions are managed globally as well.

OPERATING BUSINESSES

Our strategic plan sets out the principles by which we manage our operating businesses: We will accelerate growth in formats where we are strong, fix businesses with an upside potential, and divest ourselves of non-strategic businesses.

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FOR 1997, WE ARE PLANNING AGGRESSIVE GROWTH FOR OUR ATHLETIC GROUP WITH SUBSTANTIAL NEW-STORE OPENINGS, PLUS REMODELINGS AND RELOCATIONS COMBINED WITH STRONG MERCHANDISING INITIATIVES.

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POWERFUL GROWTH IN THE ATHLETIC GROUP

The Athletic Group, which includes about 3,400 stores worldwide, has compiled an outstanding record of increased sales and profits in 1996, a direct result of more effective merchandising programs as well as a substantially sharpened inventory position and dramatically reduced expense rates. The powerful performance of the Athletic Group in 1996 led us to plan a program of aggressive growth for 1997 both in the United States and internationally. This includes substantial new-store openings, plus remodelings and relocations combined with strong merchandising initiatives.

In 1997, we plan to open as many as 250 stores in Athletic Group formats. In the United States, we will increase our presence in malls with the expansion of the Lady Foot Locker, Kids Foot Locker, and Champs Sports formats. We are also opening exciting new-store combinations that link several related Foot Locker formats to give us a more effective mall presence. In addition, we are planning to increase Foot Locker's presence outside the malls in the United States.

We also plan to drive sales growth through new merchandise initiatives, expanding the distribution of key items and increasing our apparel business. Apparel will receive more emphasis throughout all of our athletic formats, especially in remodeled locations where we will recapture space no longer needed for stock-room purposes as a result of our slimmed-down inventory levels. We also plan to give increased attention to visual merchandising and will update our stores with fresh designs to best display our merchandise.

Internationally, we plan to grow Foot Locker in Western Europe, Canada, and Australia. We will also be launching Foot Locker's entry into Japan. This latter initiative will be led by a senior Foot Locker executive whose experience

and expertise will give us a strategic advantage in developing this market. Our approach to Japan is consistent with the success we have had over the past two years in positioning senior Athletic Group managers to head up key international operations.

Our recent acquisition of Eastbay will be another engine of growth for the Athletic Group. Eastbay will provide an additional channel of distribution -- direct marketing. We will be better able to serve our customers in existing formats by using catalogues to present broader and deeper merchandise assortments. Eastbay will benefit by having access to the strong vendor relationships and the merchandising and product development skills of the Athletic Group.

PROGRESS IN GERMANY

In 1996, we made progress in our general merchandise operations in Germany, but at a slower rate than we wanted. We will be better able to focus on these operations as a result of our dispositions of non-strategic specialty businesses in Germany. While we succeeded in substantially reducing expenses in the German general merchandise operations, the one-time cost of work force reduction programs -- which we expect to benefit these operations in future years -- was very expensive. We also made progress on our initiatives to reduce and manage inventory and to centralize purchasing processes. These efforts were complemented by work we did to realign logistics and distribution activities. In addition, we sold non-strategic real estate to reduce our investment. We accomplished all this despite the difficult economic environment in Germany, which continues to challenge our general merchandise stores.

WE ARE MAKING PROGRESS IN OUR GENERAL MERCHANDISE OPERATIONS IN GERMANY AND THE UNITED STATES AS WE CONTINUE TO WORK ON OUR CORPORATE-WIDE INITIATIVES.

In 1997, we will continue to work on these same initiatives, and in addition, will expand our focus to include the redefinition and refinement of our merchandising processes. We have examined and analyzed our merchandise assortments and will be concentrating on transforming what was originally a store-driven culture to one that is driven by merchandise.

IMPROVEMENTS IN U.S. WOOLWORTH

We worked on many issues in our U.S. Woolworth general merchandise operations during 1996. These stores began to benefit from point-of-sale equipment, installed just the year before, and as a result, were able to more effectively monitor and plan sales. Information generated by the point-of-sale equipment also helped facilitate the shift to a centralized buying structure with a substantially reduced number of suppliers. Pricing policies and promotional strategies were also centralized.

During 1996, we tested a new strategic approach to our general merchandise business in the United States by creating a three-store pilot program in Wilmington, Delaware. We were encouraged by the pilot stores' results. Our loyal customers, younger and more affluent than we originally believed, were delighted to find better merchandise in brighter, cleaner stores. We plan to expand our pilot-store test to an additional 13 stores in 1997.

We will intensify our efforts to better execute our strategy at store level throughout the U.S. Woolworth chain during 1997, and we will implement new programs to improve customer service, upgrade and monitor store upkeep, and better distribute and replenish merchandise.

BASED ON THEIR CONTINUED SOLID PERFORMANCE, WE WILL AGGRESSIVELY GROW THE FORMATS IN THE NORTHERN GROUP IN 1997.

STRONG PERFORMANCE IN THE NORTHERN GROUP

The Northern Group of apparel concepts posted solid increases in sales and profits for 1996. The four formats in this group target different members of the family: the Northern Reflections and Northern Traditions stores offer women's sportswear and career apparel, Northern Elements provides menswear, and Northern Getaway, childrenswear. The Northern Group formats offer proprietary merchandise that is recognized by customers as having high quality, good value, and distinctive product design in stores throughout the United States and Canada.

The continued strong performance of the Northern Group allows us to continue to aggressively expand these concepts in 1997, by adding 117 new or remodeled stores. We are also looking at maximizing productivity by remixing our real estate. Based on successful trials, we are putting Northern Group concepts together in certain mall locations. We developed a new format, "The Complete Northern Experience," combining a full range of the distinctive Northern merchandise for the entire family. These new, larger stores will feature a redesigned environment linking all the merchandise, and will have common stockrooms and shared cash registers for operating efficiencies. Synergies achieved by combining Northern Group formats in a single store allow us to be more productive while still maintaining our high sales per square foot. We are also revisiting the store design of individual Northern Group formats to ensure that they stay fresh and exciting.

SPECIALTY FOOTWEAR

The Kinney shoe store chain in the United States and Canada, the FootQuarters chain of off-price branded family shoe stores in the United States, and our specialty footwear operations in Australia are the principal businesses in the Specialty Footwear segment.

During 1996, we made progress in repositioning the Kinney chain. In 1997, we will continue to work on redefining merchandise assortments to better appeal to our target customer. We will also continue our program of remodeling Kinney stores in line with the new design we created. Over the past year, we have been encouraged by substantially improved results produced by both of these programs. In 1997, Kinney will no longer operate the shoe departments in the Wal-Mart Canada stores under the Company's agreement with Wal-Mart.

We made a number of important changes in our specialty footwear operations in Australia in 1996, including the implementation of merchandise planning and forecasting processes and organizational changes to refocus operations. We expect that these actions will help this business in 1997.

OTHER BUSINESSES

Other principal specialty businesses include the After Thoughts chain of costume jewelry stores and The San Francisco Music Box Company stores. Also included in this segment are the Weekend Edition women's apparel stores in Canada and the Randy River menswear stores in the United States and Canada. Other general merchandise businesses include The Bargain! Shop chain in Canada and the Woolworth Mexico general merchandise stores.

WE HAVE MADE STRONG PROGRESS IN REBUILDING WOOLWORTH CORPORATION, AND HAVE CREATED A STRONG FINANCIAL PLATFORM FROM WHICH TO LAUNCH OUR PLANS FOR ACCELERATED GROWTH.

Last year, we made significant improvements in our After Thoughts chain. Having cleared these stores of old merchandise that was not appealing to our young, trendy customers, we refocused merchandise assortments and developed exclusive product designed especially for these customers. This year, we are working on redesigning our stores to better showcase the new, more focused merchandise. We are also making progress in rebuilding The San Francisco Music Box Company chain. During 1996, this business made a significant improvement in its inventory investment and, as a result, is better positioned for 1997.

We continue to work on our corporate-wide initiatives in all of our other businesses to enable them to produce returns that meet our standards.

OUR PLANS FOR AGGRESSIVE GROWTH ARE SUPPORTED BY 1997 CAPITAL EXPENDITURES AT MORE THAN DOUBLE THE PRIOR YEAR'S LEVEL.

PLANS FOR AN EXCITING FUTURE

Over the past two years, we have made strong progress in rebuilding Woolworth Corporation, creating a sound financial platform from which to launch our plans for accelerated growth and expansion. These aggressive plans will be supported by capital expenditures of $285 million for 1997, more than double the amount spent the year before.

We plan to invest in our high-performance businesses, like the Athletic and Northern Groups. And we will open new stores, remodel and relocate existing stores, and develop focused merchandise programs. We will also seek strategic acquisitions to support and enhance our growth strategies.

We will continue to work on our general merchandise businesses in an effort to bring their returns to an acceptable level. The progress that we have made over the past two years confirms that we are working on the right issues, and we will focus our attention on executing our strategies.

Finally, we will continue to rebuild our infrastructure to benefit all operating businesses. We will move ahead on our logistics and distribution initiatives, we will continue to actively manage our real estate, both by increasing new stores and managing our existing base, and we will upgrade the quality of our information systems and human resource practices to enable us to function as a more integrated organization.

We are grateful for the many shareholders who have recognized our progress. We are also grateful to our Board of Directors, whose support has been enthusiastic and unwavering as we have moved ahead on our strategic initiatives. We extend particular thanks to Helen Galland, a director since 1984, who is retiring this year. Helen, an experienced merchant, has brought to the Company the benefit of her years of experience and her passion for the retail business. We greatly appreciate Helen's many contributions and will miss her wise counsel.

High praise and sincere thanks are also due to our associates around the world whose dedication and hard work have made our achievements possible. We are looking forward to working together to transform Woolworth Corporation into an organization that is, in all respects, truly world-class.

/s/ ROGER N. FARAH

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ROGER N. FARAH
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

/s/ DALE W. HILPERT

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DALE W. HILPERT
PRESIDENT AND CHIEF OPERATING OFFICER

APRIL 9, 1997

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company operates in two retail business segments, Specialty and General Merchandise. The Specialty segment includes the Athletic Group, the Northern Group, Specialty Footwear and Other Specialty. The General Merchandise segment includes operations in Germany, the United States and other countries. A summary of sales by segment, after reclassification for disposed operations, is as follows:

(in millions)	1996	1995	1994
Specialty	$5,159	$4,958	$4,757
General Merchandise	2,888	3,125	2,998
Disposed operations	45	141	483
	$8,092	$8,224	$8,238

A summary of operating results (excluding corporate expense, interest expense and income taxes) by segment is as follows:

(in millions)	1996	1995	1994
SPECIALTY:			
Operating results before non-recurring items	$ 489	$ 300	$ 272
Charge for adoption of SFAS No. 121	--	(123)	--
Net gain on sales of real estate	1	--	--
Disposed operations	(43)	(43)	(32)
Total operating results	$ 447	$ 134	$ 240
GENERAL MERCHANDISE:			
Operating results before non-recurring items	$ (68)	$ (91)	$ 23
Charge for adoption of SFAS No. 121	--	(118)	--
Net gain on sales of real estate	34	34	41
Disposed operations	(2)	--	(30)
Total operating results	$ (36)	$(175)	$ 34
TOTAL COMPANY:			
Operating results before non-recurring items	$ 421	$ 209	$ 295
Charge for adoption of SFAS No. 121	--	(241)	--
Net gain on sales of real estate	35	34	41
Disposed operations	(45)	(43)	(62)
Total operating results	$ 411	$ (41)	$ 274

SALES

Total Company sales of $8.1 billion in 1996 decreased 1.6 percent from sales of $8.2 billion in 1995. Excluding disposed operations and the effect of foreign currency fluctuations, total Company sales increased 0.7 percent as compared with 1995. Comparable-store sales increased by 0.3 percent in 1996. The Specialty segment sales of $5.2 billion in 1996 were 4.0 percent higher as compared with 1995 while the General Merchandise segment sales fell to $2.9 billion in 1996 as compared with $3.1 billion in the prior year.

Sales of $8.2 billion in 1995 were comparable with 1994. Excluding operations disposed in 1995 and the impact of foreign currency fluctuations, sales increased by 2.0 percent as compared with 1994. Comparable-store sales decreased by 0.4 percent in 1995.

OPERATING RESULTS

The Company reported an operating profit of $411 million in 1996 compared with an operating loss of $41 million in 1995. Operating profit before non-recurring items increased to $421 million in 1996 from $209 million in the prior year. Major contributing factors to this improvement were the positive sales performance by the Specialty segment, specifically in the Athletic Group, higher gross margins resulting from inventory improvement programs, and the continuing success of the Company's expense management initiatives. The 1996 ratio of selling, general, and administrative expenses to sales declined by 1.5 percentage points compared with 1995. The 1996 operating profit of $411 million includes a $33 million charge for severance and other costs incurred by the German general merchandise business to streamline its work force, which is expected to lower the future years' expense levels. Operating results for 1996 also include a total reduction of $32 million in the restructuring reserve established in 1991 and the repositioning reserve established in 1993. This adjustment was made to revise original estimates based on actual experience to date.

The Company's operating loss for 1995 was $41 million which included a non-cash pre-tax charge of $241 million arising from the adoption of SFAS No. 121, net gains from sales of real estate of $34 million, and a $43 million charge for disposed operations. Operating results for 1995 were also negatively impacted by inventory improvement programs which necessitated markdowns 34.8 percent higher than 1994.

The Company made significant progress in 1996 and 1995 toward its goal of reducing its under-performing stores and non-strategic properties. In 1996, the Company recognized gains on sales of non-strategic real estate of $35 million. The Company also sold or disposed of five businesses, the Accessory Lady and Rx Place Drug Mart chains in the United States, the Silk & Satin chain in Canada, the Lady Plus and Rubin chains in Germany, as well as its investment in the New Yorker Sued business. In addition, the Company recently completed the disposition of the Gallery chain in Australia and its Moderna chain in Germany. This completed the disposition of all German

specialty operations. During 1995, the Company sold or disposed of four businesses. The cost related to disposed operations was $45 million in 1996 and $43 million in 1995.

For the two-year period including 1995 and 1996, the Company opened 560 stores and closed 1,443 stores, of which 806 were under-performing stores related to ongoing formats and 637 were from disposed operations.

SEGMENTS

The results by segment are as follows:

SPECIALTY SEGMENT

ATHLETIC GROUP

($ in millions)	1996	1995	1994
Sales	$ 3,615	$ 3,424	$3,212
Operating profit before non-recurring items	$ 462	$ 305	$ 211
Charge for adoption of SFAS No. 121	--	(28)	--
Disposed operations	(1)	--	--
Operating profit	$ 461	$ 277	$ 211

	1996	1995	1994
Sales as a percentage of consolidated total	45%	42%	39%
Number of stores at year end	3,394	3,367	3,389
Selling square footage (millions)	5.49	5.29	5.30

The Athletic Group is the Company's largest and most profitable business, whose major formats include the Foot Locker businesses: Foot Locker, Lady Foot Locker, Kids Foot Locker, World Foot Locker, as well as Champs Sports and Going to the Game! These stores are in North America, Europe, Asia and Australia. As the largest retailer of branded athletic footwear and apparel in the United States, the Athletic Group had record worldwide sales of $3.6 billion in 1996, representing an increase of $191 million, or 5.6 percent, compared with 1995. Comparable-store sales growth was 5.0 percent in 1996. These higher sales, combined with higher gross margins, lower operating expenses and successful inventory management, generated an operating profit of $462 million as compared with an operating profit of $305 million in the prior year (before non-recurring items). The current year's results are reflective of the continuing three-year trend of record sales and operating profits.

The Athletic Group is well-poised to continue this upward trend through innovative merchandising initiatives and aggressive expansion plans. In excess of $100 million has been allocated in 1997 for approximately 250 new store openings and 300 store remodelings and relocations in the Athletic Group. Storage space will be reallocated to retail space as part of the Company's remodeling effort. Domestically, the Athletic Group will be continuing its "Triplex" and "Combo" store concepts, which leverage the presence of different Foot Locker and Champs Sports stores in one location. The Company also intends to grow its apparel business through increased merchandise assortment and strengthening relationships with vendors. Internationally, the Athletic Group has aggressive expansion plans, particularly in Europe.

In 1995, the Athletic Group reported sales of $3.4 billion, an increase of 6.6 percent compared with 1994. Comparable-store sales growth was 4.0 percent in 1995. Operating profit before non-recurring items in 1995 was $305 million, representing a 44.5 percent increase over the prior year. All formats showed performance improvement, particularly those in Europe.

NORTHERN GROUP

($ in millions)	1996	1995	1994
Sales	$426	$ 367	$320
Operating profit before non-recurring items	$ 42	$ 38	$ 38
Charge for adoption of SFAS No. 121	--	(6)	--
Operating profit	$ 42	$ 32	$ 38

Sales as a percentage of consolidated total	5%	4%	4%
Number of stores at year end	760	692	622
Selling square footage (millions)	1.27	1.19	1.04

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. Of the 760 Northern Group stores in operation at January 25, 1997, 398 stores are located in Canada and 362 stores are in the United States. The Northern Group is the Company's fastest growing business with sales of $426 million reported in 1996, an increase of 16.1 percent compared with the prior year. This increase was driven by 81 new store openings and comparable-store sales gains of 4.0 percent. Operating profit before non-recurring items in 1996 was $42 million as compared with $38 million in 1995. The Northern Group has developed "The Complete Northern Experience" concept which links each of the four store formats together in contiguous space in a mall, creating cross-shopping opportunities and operating efficiencies. With the planned rollout of this new concept, in conjunction with the introduction of new merchandise categories and planned new store openings, the Company expects the growth in sales and operating performance of the Northern Group to continue. To facilitate this expansion, the Company has increased this group's capital expenditure budget to accommodate approximately 75 planned new store openings, including The Complete Northern Experience concept.

Sales for 1995 increased by 14.7 percent over 1994, as a result of the opening of 80 new stores together with a slight increase in comparable-store sales. Operating profit for the year, prior to the $6 million charge for the adoption of SFAS No. 121, reflected increased markdowns under inventory improvement programs.

SPECIALTY FOOTWEAR

($ in millions)	1996	1995	1994
Sales	$ 721	$ 729	$ 763
Operating profit (loss) before non-recurring items	$ (11)	$ (18)	$ 33
Charge for adoption of SFAS No. 121	--	(43)	--
Net gain on sales of real estate	1	--	--
Operating profit (loss)	$ (10)	$ (61)	$ 33
Sales as a percentage of consolidated total	9%	9%	9%
Number of stores at year end	1,199	1,382	1,440
Selling square footage (millions)	1.97	2.66	2.70

Specialty Footwear consists of various footwear store formats in the United States, Canada, Germany and Australia, the largest of which is the Kinney shoe store chain operating in the United States and Canada. Sales of $721 million in 1996 represented a slight decline over the prior year's performance, mainly due to the closing of 85 under-performing stores and a 1.0 percent decline in comparable-store sales. The current year's operating loss improved by $7 million as compared with 1995 (before non-recurring items). The 1996 operating loss includes a positive adjustment of $11 million arising from a re-evaluation of the repositioning reserves originally established in 1993. The 1993 charge reflected the estimated cost to close under-performing specialty footwear stores in the United States or convert them to other formats. The 1996 adjustment was made for revisions to original estimates of operating expenses, severance and other personnel-related costs. The Company is developing new store designs and merchandise assortments to improve the results of this group and in 1997, the Company plans to remodel or relocate approximately 50 specialty footwear stores.

The Specialty Footwear group's 1995 sales decreased by 4.5 percent as compared to 1994. This sales decline was due to the closing of 35 Kinney stores, partially offset by increased sales in the leased shoe departments in Canadian Wal-Mart stores. Under the terms of an agreement with Wal-Mart, effective at the close of business on January 25, 1997, the Company will no longer operate these departments. These businesses generated sales and operating profit in 1996 of $103 million and $8 million, respectively.

Results of operations in 1995 reflected higher markdowns as compared to 1994 as a result of inventory reduction programs to clear aged merchandise. Operating results for 1995 were also negatively impacted by a $43 million charge for the adoption of SFAS No. 121.

OTHER SPECIALTY

($ in millions)	1996	1995	1994
Sales	$ 397	$ 438	$ 462
Disposed operations	45	141	483
Total sales	$ 442	$ 579	$ 945
Operating loss before non-recurring items	$ (4)	$ (25)	$ (10)
Charge for adoption of SFAS No. 121	--	(46)	--
Disposed operations	(42)	(43)	(32)
Operating loss	$ (46)	$ (114)	$ (42)
Sales as a percentage of consolidated total	5%	7%	12%
Number of stores at year end	1,379	1,715	2,151

Selling square footage (millions)	1.24	1.74	3.15

Other Specialty consists of non-footwear specialty chains including After Thoughts, The San Francisco Music Box Company and The Best of Times. After Thoughts offers moderately priced costume jewelry and accessories. The San Francisco Music Box Company features music boxes and gifts. The Best of Times stores carry a large assortment of watches and clocks.

Sales declined by $137 million in 1996 as compared with 1995. This decline in sales was mainly attributable to the closing of 352 stores, of which 271 stores primarily related to disposed businesses and 81 were under-performing stores from ongoing businesses. In the United States, the Accessory Lady and Rx Place Drug Mart businesses were discontinued and the Company sold its Silk & Satin chain in Canada and its Rubin and Lady Plus chains in Germany. Operating results improved in 1996 due to the closure of under-performing stores, higher margins related to a better mix of current merchandise, and lower expense levels as a result of expense management programs. The Company plans to further improve operating results of the remaining businesses by improving merchandise assortments and in-store visual presentation and by continuing with its successful expense management programs. There will also be a focus on ongoing store remodeling and relocation.

Sales declined by $366 million in 1995 as compared with 1994. This was mainly attributable to the closing of 493 stores, of which 357 stores related to disposed businesses and 136 were under-performing stores from ongoing businesses. In Canada, the Karuba business and the Canary Island businesses were discontinued. The majority of the Canary Island stores were converted to Northern Elements stores. The 1995 operating loss

increased due to lower comparable-store sales, declines in gross margins due to heightened promotional activity in the Company's costume jewelry businesses and costs associated with store closures. Operating results for 1995 included a charge of $46 million for the adoption of SFAS No. 121.

GENERAL MERCHANDISE SEGMENT

Woolworth is the Company's principal general merchandise format in Germany, the United States and Mexico. The Bargain! Shop chain is the Canadian general merchandise format.

GERMANY

($ in millions)	1996	1995	1994
Sales	$ 1,624	$ 1,733	$ 1,476
Operating loss before non-recurring items	$ (30)	$ (30)	$ (16)
Charge for adoption of SFAS No. 121	--	(57)	--
Net gain on sales of real estate	27	6	37
Disposed operations	1	--	--
Operating profit (loss)	$ (2)	$ (81)	$ 21
Sales as a percentage of consolidated total	20%	21%	18%
Number of stores at year end	374	368	353
Selling square footage (millions)	4.72	4.71	4.43

Woolworth Germany's sales of $1.6 billion in 1996, were 6.3 percent less than last year. Excluding the impact of foreign exchange fluctuations, sales decreased 1.2 percent, while comparable-store sales declined by 3.1 percent. This business operates within a difficult retail environment, mainly due to the economic recession since reunification. The high unemployment levels and record low levels of consumer spending are reflected in this year's performance. Operating results, however, have improved since 1995. The Company's current year focus on expense management was very successful. The German investment base was also reduced through sales of non-strategic real estate resulting in net gains of $27 million. With the introduction of new senior management at Woolworth Germany, redefinition of merchandise assortment, centralization of purchasing and continued focus on expense management, the Company is expecting future improvement in results. As part of a Woolworth Germany initiative to operate with a more flexible, smaller work force, the Company incurred a charge of $33 million for severance and other costs associated with transferring associates from full-time to part-time employment. Before these costs, the 1996 operating profit was $3 million.

In 1995, sales increased 17.4 percent from 1994 levels, reflecting a stronger German mark at that time. Excluding the impact of foreign currency fluctuations, those sales increased 4.3 percent primarily as a result of opening new stores. The operating loss in 1995 was $81 million (including the $57 million charge for the adoption of SFAS No. 121) as compared with an operating profit of $21 million in 1994. The 1995 and 1994 operating results included $6 million and $37 million, respectively, of net gains from the sales of real estate.

UNITED STATES

($ in millions)	1996	1995	1994
Sales	$ 1,044	$ 1,150	$1,240
Operating profit (loss) before non-recurring items	$ (37)	$ (58)	$ 33
Charge for adoption of SFAS No. 121	--	(25)	--
Net gain on sales of real estate	7	28	4
Operating profit (loss)	$ (30)	$ (55)	$ 37
Sales as a percentage of consolidated total	13%	14%	15%
Number of stores at year end	439	437	448

Selling square footage (millions)	7.43	7.41	7.62

Sales for the U.S. general merchandise group in 1996 decreased 9.2 percent as compared to 1995 coupled with a comparable-store sales decline of 7.0 percent. The overall sales decline resulted from both a difficult retail environment and a comparable-store sales decline impacted by the discontinuance of certain unprofitable merchandise categories.

The operating loss in 1996, before non-recurring items, was $37 million. Although an improvement as compared to the prior year, the loss resulted from a combination of lower-than-expected sales, a decline in gross margins and slower-than-anticipated results from merchandising initiatives. This includes a positive adjustment of $21 million to the restructuring and repositioning reserves established in 1991 and 1993 for the U.S. general merchandise operations. The adjustment was made for revisions to original estimates based on actual experience relating to lease costs, operating expenses, severance and other personnel-related costs. Prior to this adjustment, operating results for 1996 were comparable with 1995. To improve the Company's competitive position, the 1997 plan includes the roll out of the recently tested prototype format, which has generated encouraging results to date.

Sales for 1995 decreased 7.3 percent as compared with 1994 and comparable-store sales declined 5.2 percent. Operating results in 1995 compared unfavorably with 1994, mainly due to the inventory reduction programs undertaken to clear aged inventories.

Operating results included a LIFO credit of $4 million in 1996, a LIFO charge of $5 million in 1995, and a LIFO credit of $8 million in 1994.

OTHER

($ in millions)	1996	1995	1994
Sales	$ 220	$ 242	$ 282
Operating profit (loss) before non-recurring items	$ (1)	$ (3)	$ 6
Charge for adoption of SFAS No. 121	--	(36)	--
Disposed operations	(3)	--	(30)
Operating loss	$ (4)	$ (39)	$ (24)
Sales as a percentage of consolidated total	3%	3%	3%
Number of stores at year end	201	217	226
Selling square footage (millions)	3.52	3.39	3.50

Other general merchandise includes The Bargain! Shop stores in Canada and the Woolworth general merchandise stores in Mexico. Sales in 1996 decreased by 9.1 percent as compared with 1995 and by 6.2 percent, excluding the impact of foreign exchange fluctuations. Sales in Canada declined primarily as a result of closing 16 stores, while the impact of exchange rate fluctuations accounted for most of the sales decline in Mexico. Operating results for 1996 are comparable with 1995 before non-recurring items. Despite declines in sales, the operating loss was held to comparable levels as a result of expense management in both Canada and Mexico.

Sales decreased by 14.2 percent in 1995 as compared to 1994. The 1995 increase in Canadian general merchandise sales was more than offset by a reduction in Mexican sales arising from lower exchange rates following the peso devaluation. Additionally, 1995 operating results were negatively impacted by higher promotional markdowns in both operations.

COSTS AND EXPENSES

CORPORATE EXPENSE

Corporate expense totaled $58 million, $73 million and $71 million in 1996, 1995 and 1994, respectively. The reduction in the 1996 expense reflects lower severance and other payroll costs and distribution center consolidation savings as well as reduced legal and other professional fees. The 1995 expense included severance and related costs arising from the consolidation of accounting centers, the closing of three distribution centers, and other corporate reorganization costs. The 1994 expense included severance costs, Special Committee of the Board of Directors investigation fees, and costs to consolidate accounting centers.

INTEREST EXPENSE

($ in millions)	1996	1995	1994
Interest expense	$ 73	$ 119	$ 107
Weighted-average interest rate during the year:			
Short-term debt:			
Without facility fees	6.0%	6.8%	5.4%
With facility fees	16.7%	9.2%	6.1%
Long-term debt	7.7%	8.1%	7.3%
Total debt	7.4%	8.8%	6.3%
Short-term debt outstanding during the year:			
High	$ 302	$ 1,043	$ 1,478
Weighted-average	$ 111	$ 804	$ 1,081

In 1996, interest expense was reduced by 39 percent primarily as a result of significantly lower borrowing levels. In 1996, the Company successfully reduced total outstanding debt levels by $116 million. Weighted-average short-term debt fell by $693 million, or 86.2 percent, as compared with 1995. The difference between the short-term weighted-average rate excluding facility fees and

including facility fees was due to lower average borrowing levels during the course of the year. In early 1997, the Company reduced its revolving credit facility from $1 billion to $500 million. This will result in lower borrowing costs in future years.

In 1995, the Company reduced total debt outstanding by $475 million, with the short-term debt component decreasing by $784 million as compared with 1994 levels. Net interest expense increased to $119 million, however, due to higher weighted-average borrowing costs including the cost of debt refinanced, offset partially by the impact of lower borrowing levels.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

Cash flow from operations of $468 million in 1996 decreased from $520 million in 1995, resulting primarily from the more significant decline in merchandise inventories in 1995. The Company's lower cost structure and improved earnings contributed to positive cash flow from operations. Other significant sources and uses of cash included proceeds from sales of real estate and dispositions of specialty businesses, predominantly in Germany.

The most significant use of cash in 1996 was for the Company's capital expenditures program which concentrated on new store openings and remodeling of existing facilities, particularly in the Athletic and Northern Groups which opened in excess of 200 stores. Cash used in financing activities reflects payments of short and long-term debt obligations.

The Company's strong cash position as of January 25, 1997 supported the January 30, 1997 acquisition of Eastbay, Inc., ("Eastbay"), a leading U.S. catalogue company specializing in the direct marketing of athletic goods, for a purchase price of approximately $140 million.

In 1995 and 1994, cash provided by or used in operating activities together with available revolving credit facilities and other long-term financing provided the needed resources to support seasonal working capital requirements, store openings and other capital expenditures.

Net cash provided by operations in 1995 reflected the positive impact of inventory and cost reduction programs. Net cash used in investing activities reflected capital expenditures and European investments, partially offset by cash proceeds from the sale of assets. Net cash used in financing activities reflected debt principal repayment and the payment of the common stock dividend.

Cash provided by operating activities in 1996 and 1995 was adequate to fund substantially all investing and financing activities. In the two-year period, the Company was able to generate $988 million from operating activities which was more than $250 million in excess of funding requirements for its investing and financing activities over the period. This cash flow from operations, along with anticipated cash flow from future operations, will support the Company's strategic initiatives to grow its businesses through reinvestment.

In 1994, operating activities, capital expenditures and dividend payments were funded by sales of assets and borrowings.

Future cash flows from operating activities are expected to be sufficient to cover any short-term and long-term debt and capital lease repayment obligations as well as the planned increase in capital expenditures. Planned capital expenditures for 1997 are approximately $285 million, of which $138 million relates to new store openings and modernization of existing stores, $67 million relates to the development of management information systems and $80 million relates to distribution centers and other support facilities.

CAPITAL STRUCTURE

The Company's improved financial condition is expected to provide a solid base for growth opportunities and enhanced financial flexibility. During 1996, the Company was again able to reduce overall borrowings. Short-term debt was eliminated and approximately $26 million of long-term debt was repaid before year end.

In early 1997, the Company and its bankers finalized modifications to its domestic revolving credit agreement. At the Company's election, the previous $1 billion facility was reduced to a $500 million facility available through 2002. 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 the Company's short and long-term strategies. At year end, the entire amount of the credit facility was unused.

The Company has a registration statement filed with the Securities and Exchange Commission which allows for the additional issuance of up to $360 million of debt securities and warrants to purchase debt securities. Depending on market conditions and capital needs, additional long-term financing may be utilized.

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)	1996	1995
Short-term debt	$ --	$ 69
Long-term debt and capital lease obligations	597	644
Present value of operating leases	2,036	2,136
Total debt	2,633	2,849
Shareholders' equity	1,334	1,229
Total capitalization	$3,967	$4,078
Debt capitalization percent	66%	70%
Debt capitalization percent without operating leases	31%	37%

As a result of the Company's earnings, positive cash flow trend and store dispositions, the debt to capital ratio improved to 66 percent from 70 percent in 1995. Total debt (including the present value of operating leases) decreased by $216 million in 1996 and shareholders' equity increased due to the current year net income of $169 million offset by a foreign currency translation adjustment of $61 million. Management's objective is to further reduce its ratio of debt to capitalization.

CREDIT RATINGS

The Company's debt credit ratings are as follows:

	1996	1995
COMMERCIAL PAPER:		
Standards & Poor's	A-3	A-3
Moody's Investors Service	P3	P3
LONG-TERM DEBT:		
Standards & Poor's	BBB-	BBB-
Moody's Investors Service	Baa3	Baa2

STRATEGIC PLAN

The financial structure of the Company has strengthened over the past two years and is expected to provide the platform from which to execute its strategies for future growth, including new store openings, remodeling of existing facilities, strategic acquisitions and infrastructure investments to benefit all businesses. Its return on investment has increased to 6.9 percent from 3.6 percent in 1994.

The Company's progress in implementing its strategic plan initiatives and improving its financial and operational health is evidenced by the current year's performance and resultant improved financial condition. During the year, the Company significantly reduced operating costs, lowered its working capital needs through enhanced inventory management and distribution, reduced outstanding debt levels, and disposed of non-strategic investments. Also, operating expense reductions are ahead of the Company's four-year goal, inventory levels are down and aged inventory has been dramatically reduced.

Strategic initiatives like the acquisition of Eastbay will provide the Company with the opportunity to more effectively service many of its customers through direct marketing and will enable it to capitalize upon the existing vendor relationships and product development capabilities of the Athletic Group.

In 1997 and beyond, the Company expects to further its long term objectives by continuing to dispose of non-strategic businesses and real estate, and focus on opportunities with the highest potential returns, optimizing the use of Company-wide resources.

SEASONALITY

The Company's retail businesses are highly seasonal in nature. Historically, the greatest proportion of sales and net income is generated in the fourth quarter and the lowest proportion of sales and net income is generated in the first quarter, reflecting seasonal buying patterns.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	1996	1995	1994
SALES	$ 8,092	$ 8,224	$ 8,238
COSTS AND EXPENSES			
Cost of sales	5,581	5,735	5,626
Selling, general and administrative expenses	2,006	2,166	2,231
Depreciation and amortization	187	239	233
Interest expense	73	119	107
Other income	(35)	(43)	(55)
Adoption of accounting standard for impairment of long-lived assets	--	241	--
	7,812	8,457	8,142
INCOME (LOSS) BEFORE INCOME TAXES	280	(233)	96
Income tax expense (benefit)	111	(69)	49
NET INCOME (LOSS)	$ 169	$ (164)	$ 47
NET INCOME (LOSS) PER COMMON SHARE	$ 1.26	$ (1.23)	$ .36

See Accompanying Notes to Consolidated Financial Statements on pages 23 to 34.

CONSOLIDATED BALANCE SHEETS

(in millions)	1996	1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 321	$ 13
Merchandise inventories	1,269	1,364
Other current assets	233	241
	1,823	1,618
PROPERTY AND EQUIPMENT, NET	1,058	1,225
DEFERRED CHARGES AND OTHER ASSETS	595	663
	$3,476	$3,506
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt	$ --	$ 69
Accounts payable	334	321
Accrued liabilities	505	426
Current portion of long-term debt and obligations under capital leases	17	25
	856	841
LONG-TERM DEBT AND OBLIGATIONS UNDER CAPITAL LEASES	580	619
DEFERRED TAXES	58	88
OTHER LIABILITIES	648	729
SHAREHOLDERS' EQUITY	1,334	1,229
COMMITMENTS		
	$3,476	$3,506

See Accompanying Notes to Consolidated Financial Statements on pages 23 to 34.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(shares in thousands, amounts in millions)	1996 SHARES	1996 AMOUNT	1995 SHARES	1995 AMOUNT	1994 SHARES	1994 AMOUNT
PREFERRED STOCK						
$2.20 Series A Convertible Preferred, par value $1 per share, 7 million shares authorized						
Outstanding at beginning of year	97	$ --	101	$ --	109	$ 1
Converted during year	(97)	--	(4)	--	(8)	(1)
Outstanding at end of year	--	--	97	--	101	--
COMMON STOCK AND PAID-IN CAPITAL						
Par value $.01 per share, 500 million shares authorized						
Issued at beginning of year	133,051	290	132,505	282	131,926	277
Issued upon conversion of preferred shares	461	--	21	--	47	1
Issued under employee stock plans	535	9	525	7	532	4
Issued at end of year	134,047	299	133,051	289	132,505	282
Common stock in treasury at beginning of year	--	--	--	--	(3)	--
Acquired at cost	--	--	--	--	(200)	(3)
Reissued under employee stock plans/agreements	--	--	--	--	3	--
Restricted stock	--	--	--	--	200	3
Common stock in treasury at end of year	--	--	--	--	--	--
Amortization of stock issued under restricted stock option plan	--	1	--	1	--	--
Redemption of preferred stock	--	(1)	--	--	--	--
Common stock outstanding and paid-in capital at end of year	134,047	299	133,051	290	132,505	282
RETAINED EARNINGS						
Balance at beginning of year		891		1,055		1,106
Net income (loss)		169		(164)		47
Change in subsidiaries' year end		(10)		--		--
Cash dividends declared:						
Common stock		--		--		(98)
Preferred stock		--		--		--
Balance at end of year		1,050		891		1,055
SHAREHOLDERS' EQUITY BEFORE ADJUSTMENTS		1,349		1,181		1,337
FOREIGN CURRENCY TRANSLATION ADJUSTMENT						
Balance at beginning of year		83		31		(4)
Aggregate translation adjustment, net of deferred tax benefit		(61)		52		35
Balance at end of year		22		83		31
MINIMUM PENSION LIABILITY ADJUSTMENT						
Balance at beginning of year		(35)		(10)		(31)
Change during year, net of deferred tax benefit		(2)		(25)		21
Balance at end of year		(37)		(35)		(10)
TOTAL SHAREHOLDERS' EQUITY		$ 1,334		$ 1,229		$ 1,358

See Accompanying Notes to Consolidated Financial Statements on pages 23 to 34.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	1996	1995	1994
FROM OPERATING ACTIVITIES			
Net income (loss)	$ 169	$(164)	$ 47
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	187	239	233
Adoption of accounting standard for impairment of long-lived assets	--	241	--
Change in deferred taxes	18	(100)	66
Gain on sales of real estate	(35)	(34)	(41)
Change in assets and liabilities, net of acquisitions:			
Merchandise inventories	63	287	(24)
Accounts payable	22	(45)	(506)
Repositioning and restructuring reserves	(63)	(63)	(185)
Other, net	107	159	70
Net cash provided by (used in) operating activities	468	520	(340)
FROM INVESTING ACTIVITIES			
Proceeds from sales of real estate	53	110	5
Capital expenditures	(134)	(167)	(218)
Cost of acquisitions, net of cash acquired	--	(10)	--
Purchase of investments	--	(64)	--
Proceeds from sales of assets and investments	26	33	376
Net cash (used in) provided by investing activities	(55)	(98)	163
FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term debt	(69)	(784)	321
Proceeds from issuance of long-term debt	--	332	--
Principal payments of long-term debt	(19)	(21)	(33)
Reduction in capital lease obligations	(6)	(6)	(5)
Issuance of common stock	7	7	7
Purchase of treasury stock	--	--	(3)
Dividends paid	--	(20)	(116)
Net cash (used in) provided by financing activities	(87)	(492)	171
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	(18)	11	21
NET CHANGE IN CASH AND CASH EQUIVALENTS	308	(59)	15
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13	72	57
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 321	$ 13	$ 72
CASH PAID DURING THE YEAR:			
Interest	$ 59	$ 108	$ 98
Income taxes	$ 55	$ 23	$ 26

See Accompanying Notes to Consolidated Financial Statements on pages 23 to 34.

MANAGEMENT'S REPORT

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

The Company maintains accounting systems and related internal policies and procedures designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and are properly recorded, and accounting records may be relied upon for the preparation of financial statements and other financial information. The design, monitoring and revision of internal accounting control procedures involve, among other things, management's judgment with respect to the relative costs and expected benefits related to specific control measures. The Company also maintains an internal audit group which evaluates and formally reports on the adequacy and effectiveness of internal accounting controls, policies and procedures.

The Company's financial statements have been audited by KPMG Peat Marwick 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 and legal counsel, and KPMG Peat Marwick 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 Peat Marwick 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/ ROGER N. FARAH

ROGER N. FARAH, Chairman of the Board and Chief Executive Officer

/s/ DALE W. HILPERT

DALE W. HILPERT, President and Chief Operating Officer

/s/ ANDREW P. HINES

ANDREW P. HINES, Senior Vice President and Chief Financial Officer
April 9, 1997

INDEPENDENT AUDITORS' REPORT

[KPMG PEAT MARWICK LLP LOGO]

To the Board of Directors
and Shareholders of
Woolworth Corporation

We have audited the accompanying consolidated balance sheets of Woolworth Corporation and subsidiaries as of January 25, 1997 and January 27, 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, appearing on pages 18 through 34. These consolidated financial statements are the responsibility of Woolworth Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The accompanying consolidated financial statements of Woolworth Corporation and subsidiaries as of and for the year ended January 28, 1995 were audited by other auditors whose report thereon dated March 8, 1995, expressed an unqualified opinion on those statements.

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 January 25, 1997 and January 27, 1996 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Woolworth Corporation and subsidiaries as of January 25, 1997 and January 27, 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in note 3 to the consolidated financial statements, in 1995 Woolworth Corporation adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

/s/ KPMG PEAT MARWICK LLP

New York, NY
March 11, 1997

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Woolworth Corporation and its domestic and international subsidiaries, 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 52 or 53 week period ending on the last Saturday in January, with the exception of the Mexican and certain European operations, which have a reporting year ending on December 31. The 1996, 1995, and 1994 reporting years represent the 52 weeks ended January 25, 1997, January 27, 1996, and January 28, 1995, respectively.

In 1996, the Company changed the reporting period for its German operations from a calendar year ending December 31 to the 52 week period ending on the last Saturday in January. The results of operations for the period from January 1 through January 25, 1997 amounted to a loss of approximately $10 million. This loss was charged to retained earnings during the year in order to report only 12 months' operating results.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with remaining maturities of three months or less when purchased 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 the first-in, first-out (FIFO) basis for international inventories.

PROPERTY AND EQUIPMENT

Significant additions and improvements to property and equipment are capitalized. Maintenance and repairs are charged to current operations as incurred.

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. Leased property and equipment under capital leases and improvements to leased premises are amortized on a straight-line basis over the lesser of the life of the asset or the remaining term of the lease.

GOODWILL

Excess purchase price over the fair value of assets acquired is amortized on a straight-line basis over periods not exceeding 40 years. Recoverability of goodwill is evaluated based upon estimated future profitability and cash flows.

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. Gains and losses that result from hedges of net investments in international subsidiaries are recognized as part of the foreign currency translation adjustment included in shareholders' equity until such time as the investment is liquidated.

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. Quoted market prices of the same or similar instruments are used to determine fair value of long-term investments, 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

An impairment loss is recognized whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Beginning in 1995, with the adoption of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS No. 121"), 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 making whatever estimates, judgments and projections are considered necessary.

STOCK-BASED COMPENSATION

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS No. 123") encourages, but does not require, companies to record compensation cost for stock-based employee compensation at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25.") In accordance with APB No. 25, compensation expense is not recorded for options granted if the option price is equal to 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 lease obligation, less sublease rental income, is provided for when a decision to close the store is made.

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 shareholders' equity.

EARNINGS PER SHARE

Net income (loss) per share is computed by dividing net income (loss), after deducting preferred dividends on convertible preferred stock, by the weighted-average number of shares of common stock outstanding during the year.

RECLASSIFICATIONS

Certain balances in prior fiscal years have been reclassified to conform with the presentation adopted in the current fiscal year.

2 ACQUISITION

On January 30, 1997, the Company acquired Eastbay, Inc. ("Eastbay") in a transaction accounted for as a purchase. Under the purchase agreement, stockholders of Eastbay received cash in amounts between $22 and $24 for each of their shares. The cash acquisition cost was $140 million with an additional $6 million contingently payable for attaining certain performance goals. The Company's consolidated results of operations will include those of Eastbay beginning with the date the acquisition was consummated. The excess of cost over net assets acquired of approximately $107 million will be amortized using the straight-line method over twenty years.

3 IMPAIRMENT OF LONG-LIVED ASSETS

In 1995, the Company adopted SFAS No. 121 and recorded a non-cash pre-tax charge of $241 million ($165 million after-tax). Of the total impairment loss recognized upon adoption, $209 million represented impairment of long-lived assets such as properties, store fixtures and leasehold improvements, $24 million related to goodwill and $8 million pertained to other intangibles. The current year pre-tax impairment of $8 million is included in selling, general and administrative expenses.

4 SEGMENT INFORMATION

The Company's stores are categorized into two segments: Specialty and General Merchandise. The Specialty segment includes: the Athletic Group, the Northern Group, Specialty Footwear and Other Specialty. The General Merchandise segment includes operations in: Germany, the United States and other countries.

SALES

(in millions)	1996	1995	1994
SPECIALTY:			
Athletic Group	$3,615	$3,424	$3,212
Northern Group	426	367	320
Specialty Footwear	721	729	763
Other Specialty	442	579	945
	5,204	5,099	5,240
GENERAL MERCHANDISE:			
Germany	1,624	1,733	1,476
United States	1,044	1,150	1,240
Other	220	242	282
	2,888	3,125	2,998
	$8,092	$8,224	$8,238

See Management's Discussion and Analysis of Financial Condition and Results of Operations for further commentary.

OPERATING RESULTS

(in millions)	1996	1995	1994
SPECIALTY:			
Athletic Group	$461	$ 277	$211
Northern Group	42	32	38
Specialty Footwear	(10)	(61)	33
Other Specialty	(46)	(114)	(42)
	447	134	240
GENERAL MERCHANDISE:			
Germany	(2)	(81)	21
United States	(30)	(55)	37
Other	(4)	(39)	(24)
	(36)	(175)	34
Operating results	411	(41)	274
Corporate expense	58	73	71
Interest expense	73	119	107
Income (loss) before income taxes	$280	$(233)	$ 96

	DEPRECIATION AND AMORTIZATION			CAPITAL EXPENDITURES			TOTAL ASSETS		
(in millions)	1996	1995	1994	1996	1995	1994	1996	1995	1994
SPECIALTY:									
Athletic Group	$ 76	$ 85	$ 86	$ 53	$ 40	$ 76	$1,083	$1,050	$1,229
Northern Group	11	11	11	10	13	9	307	222	172
Specialty Footwear	13	21	23	16	8	15	279	302	381
Other Specialty	13	27	30	5	7	21	172	251	426
	113	144	150	84	68	121	1,841	1,825	2,208
GENERAL MERCHANDISE:									
Germany	44	56	47	12	60	61	997	1,064	1,046
United States	17	23	23	33	27	12	364	453	552
Other	1	3	1	2	4	15	11	39	137
	62	82	71	47	91	88	1,372	1,556	1,735
Corporate	12	13	12	3	8	9	263	125	202
Total Company	$187	$239	$233	$134	$167	$218	$3,476	$3,506	$4,145

(in millions)	SALES 1996	1995	1994	OPERATING RESULTS 1996	1995	1994	TOTAL ASSETS 1996	1995	1994
United States	$5,084	$5,116	$5,439	$372	$ 110	$266	$1,925	$1,885	$2,378
Europe	1,942	2,021	1,695	16	(100)	20	1,175	1,196	1,210
Canada	798	814	772	28	(33)	(16)	264	312	366
Pacific Rim	221	217	222	(6)	(12)	5	80	82	127
Mexico	47	56	110	1	(6)	(1)	32	31	64
	$8,092	$8,224	$8,238	$411	$ (41)	$274	$3,476	$3,506	$4,145

5 REPOSITIONING AND 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. The 1993 charge included estimated cash outlays for lease liabilities and other occupancy and facilities-related costs of $245 million, operating expenses during the shutdown period of $88 million, and severance and other personnel and related costs of $28 million. Non-cash charges cover asset and inventory write-downs of $197 million. The 1991 charge included estimated cash outlays for lease liabilities and other occupancy and facilities-related costs of $123 million, operating expenses during the shutdown period of $106 million, and severance and other personnel and related costs of $47 million. Non-cash charges cover asset and inventory write-downs of $114 million.

Under the 1993 repositioning program, approximately 970 stores were identified for closing or conversion to other formats. Approximately 13,000 store and distribution center employees were terminated under this program. Under the 1991 restructuring program, approximately 900 stores were closed or converted to other formats. Approximately 7,700 store employees were terminated and 2,300 employees were transferred to other stores.

In 1996, an adjustment of $32 million was made to revise the original estimates based on actual experience to date. This adjustment is comprised of $21 million related to reserves originally established for general merchandise operations and $11 million for specialty operations.

The activity in the reserves was as follows:

(in millions)	1996	1995
Balance at beginning of year	$147	$193
Interest on net present value of lease obligations	6	8
Cash payments	(37)	(54)
Adjustment for revision of estimates	(32)	--
Balance at end of year	$ 84	$147

Components of the balance are as follows:

(in millions)	1996	1995
Real estate and related occupancy costs	$61	$ 93
Facilities-related costs	19	25
Personnel and related costs	4	29
	$84	$147

The remaining balance of $84 million, which is included in other liabilities and accrued liabilities, is expected to be adequate for all remaining liabilities. This liability relates primarily to lease obligations for approximately 300 stores and will be funded over the next few years.

6 MERCHANDISE INVENTORIES

(in millions)	1996	1995
LIFO inventories	$ 741	$ 671
FIFO inventories	528	693
Total merchandise inventories	$1,269	$1,364
Excess of current cost (FIFO) over stated LIFO cost	$ 98	$ 102

7 OTHER CURRENT ASSETS

(in millions)	1996	1995
Net receivables	$129	$121
Operating supplies and prepaid expenses	58	55
Deferred taxes	42	52
Other	4	13
	$233	$241

8 PROPERTY AND EQUIPMENT, NET

(in millions)	1996	1995
LAND	$ 118	$ 141
BUILDINGS:		
Owned	744	862
Leased	37	59
FURNITURE, FIXTURES AND EQUIPMENT:		
Owned	1,114	1,185
Leased	11	16
	2,024	2,263
Less accumulated depreciation	1,186	1,262
	838	1,001
ALTERATIONS TO LEASED AND OWNED BUILDINGS, NET OF ACCUMULATED AMORTIZATION	220	224
	$1,058	$1,225

9 DEFERRED CHARGES AND OTHER ASSETS

(in millions)	1996	1995
Deferred taxes	$320	$346
Goodwill (net of accumulated amortization)	86	89
Lease acquisition costs	61	66
Pension intangible	16	22
Other	112	140
	$595	$663

10 ACCRUED LIABILITIES

(in millions)	1996	1995
Payroll and related costs	$160	$122
Taxes other than income taxes	72	83
Store closings and real estate-related costs	58	45
Income taxes payable	52	19
Repositioning and restructuring	25	32
Deferred taxes	11	12
Other operating costs	127	113
	$505	$426

11 SHORT-TERM DEBT

($ in millions)	1996	1995
Bank loans	$--	$ 69
Weighted-average interest rate on year-end balance	--	6.0%

At January 25, 1997, unused lines of credit under which the Company may borrow funds totaled $1.07 billion, of which domestic credit lines totaled $1.0 billion and international credit lines totaled $68 million. During 1996, the Company chose not to renew $218 million of international credit lines which expired during the year. Additionally, credit overdraft facilities for international operating units will be maintained only for temporary needs. At January 25, 1997, the Company had revolving credit agreements in the United States with 34 lending institutions which provide seasonal borrowing capacity. The Company also has informal agreements with certain banks in the United States, Canada, Germany and Australia.

The $1.5 billion credit agreement which was negotiated in 1995 included a $1.0 billion three-year facility and an additional $500 million facility for the first year of the agreement, which has now expired. At the Company's election, in February 1997, the $1.0 billion facility was reduced to $500 million and the terms were later modified. Restrictive covenants under the new agreement include tangible net worth levels, leverage ratios and a fixed-charge coverage ratio. Upfront fees paid under the modified agreement will be amortized over the life of the facility on a pro rata basis. In addition, the Company paid annual fees, based on the Company's credit rating, of 0.3125 percent for the original three-year agreement. The modified fee going forward will be 0.15 percent based upon the Company's current credit rating. The new five-year agreement will expire in 2002.

12 LONG-TERM DEBT AND OBLIGATIONS UNDER CAPITAL LEASES

During 1995, the Company issued $200 million of domestic notes bearing interest at 7.0 percent with a 5-year maturity, $50 million of notes bearing interest at 6.98 percent with a 6-year maturity, and $40 million of notes bearing interest at 7.0 percent with a 7-year maturity. In connection with a European investment, the Company issued a $36 million (DM 59 million) note bearing interest at 6.45 percent maturing in 1998.

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

(in millions)	1996	1995
8.5% debentures payable 2022	$200	$200
7.0% debentures payable 2000	200	200
6.93% to 7.43% medium-term notes payable through 2002	115	125
3.75% to 10.5% mortgage obligations on real estate payable through 2013	22	28
Other	38	48
Total long-term debt	575	601
Obligations under capital leases	22	43
	597	644

Less: current portion	17	25
	$580	$619

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

(in millions)	LONG-TERM DEBT	CAPITAL LEASES	TOTAL
1997	$ 12	$ 7	$ 19
1998	53	9	62
1999	2	4	6
2000	202	2	204
2001	52	1	53
Thereafter	254	8	262
	575	31	606
Less: Imputed interest	--	6	6
Executory expenses	--	3	3
Current portion	12	5	17
	$563	$17	$580

13 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 with options to renew, with terms ranging from 5 to 10 years. Certain leases provide for additional rent payments based on a percentage of store sales. Rent expense consists of the following:

(in millions)	1996	1995	1994
Minimum rent	$689	$671	$634
Contingent rent based on sales:			
Operating leases	38	45	47
Capital leases	--	--	3
Sublease income	(21)	(23)	(19)
Total rent expense	$706	$693	$665

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

(in millions)	
1997	$ 506
1998	471
1999	412
2000	340
2001	271
Thereafter	723
Total operating lease commitments	$2,723
Present value of operating lease commitments	$2,036

14 OTHER LIABILITIES

(in millions)	1996	1995
Pension benefits	$279	$302
Other post-retirement benefits	209	212
Repositioning and restructuring	59	115
Other	101	100
	$648	$729

15 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, inventory purchases, and hedges of the Company's net investment in international subsidiaries 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.

The following table presents gross forward foreign exchange commitments, by currency and type:

	1996		1995	
($U.S. in millions)	BUY	SELL	BUY	SELL
INVENTORY PURCHASES:				
U.S. dollar	72	--	95	--
Other currencies	4	--	9	--
INTERCOMPANY:				
Canadian dollar	19	--	67	17
German mark	--	--	64	--
Other currencies	2	15	29	19

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of certain financial instruments are as follows:

(in millions)	1996 CARRYING AMOUNT	1996 FAIR VALUE	1995 CARRYING AMOUNT	1995 FAIR VALUE
Long-term investments	$ 39	$ 24	$ 56	$ 52
Long-term debt	$575	$570	$601	$585

The carrying value approximates fair value for all other financial instruments.

INTEREST RATE RISK MANAGEMENT

The Company uses interest rate swaps to reduce its exposure to fluctuations in interest rates. In October 1992, the Company entered into a $200 million, five-year swap agreement which effectively converted the interest rate on its 8.5 percent debentures to a floating rate equal to the six-month LIBOR plus 3.05 percent. The effective interest rate on the debentures was 8.81 percent in 1996, 9.44 percent in 1995 and 7.74 percent in 1994. As security for its obligation under this swap agreement, both the Company and the swap counter-party have agreed to deliver cash collateral if certain conditions are met. Such collateral is to be delivered when projected exposure for either party exceeds $0.5 million. At January 25, 1997, the Company had $0.6 million on deposit as collateral.

CREDIT RISK

Credit risk of interest rate swaps and forward foreign exchange contracts 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 including purchases of athletic footwear and apparel from one major vendor, which supplied approximately 25 percent, 22 percent and 17 percent of the Company's merchandise purchases in 1996, 1995 and 1994, respectively. The Company considers vendor relations to be satisfactory.

16 INCOME TAXES

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

(in millions)	1996	1995	1994
Domestic	$263	$ (44)	$115
International	17	(189)	(19)
Total pre-tax income (loss)	$280	$(233)	$ 96

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

(in millions)	1996	1995	1994
CURRENT:			
Federal	$ 61	$ (4)	$(14)
State and local	21	6	16
International	19	2	--
Total current tax provision	101	4	2
DEFERRED:			
Federal	11	(16)	55
State and local	(1)	(1)	(3)
International	--	(56)	(5)
Total deferred tax provision (benefit)	10	(73)	47
Total income tax provision (benefit)	$111	$(69)	$ 49

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 $368 million at January 25, 1997. If such earnings had not been considered permanently reinvested, approximately $19 million of deferred income taxes, consisting primarily of foreign withholding taxes, would have been provided. Such taxes, if ultimately paid, might be recoverable as foreign tax credits.

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

	1996	1995	1994
Federal statutory income tax rate	35.0%	(35.0)%	35.0%
State and local income taxes,			

net of federal tax benefit	4.8	1.4	8.6
International income taxed at varying rates	1.3	3.9	9.4
Targeted jobs tax credit	--	(0.4)	(1.3)
Other, net	(1.4)	0.5	(0.6)
Effective income tax rate	39.7%	(29.6)%	51.1%

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

(in millions)	1996	1995
DEFERRED TAX ASSETS:		
Tax loss/credit carryforwards	$191	$174
Employee benefits	115	130
Repositioning and restructuring reserves	70	94
Other	50	74
Total	426	472
Valuation allowance	(64)	(74)
Total deferred tax assets, net	362	398
DEFERRED TAX LIABILITIES:		
Inventories	48	47
Property and equipment	10	1
Other	11	52
Total deferred tax liabilities	69	100
Net deferred tax asset	$293	$298
BALANCE SHEET CAPTION REPORTED IN:		
Other current assets	$ 42	$ 52
Deferred charges and other assets	320	346
Accrued liabilities	(11)	(12)
Deferred taxes	(58)	(88)
	$293	$298

As of January 25, 1997, the Company had a valuation allowance of $64 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 European operations, and tax loss and capital loss carryforwards of the Canadian operations.

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 25, 1997. 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 25, 1997, the Company had international operating loss carryforwards of approximately $383 million. Those expiring between 1997 and 2003 were $236 million and those that do not expire were $116 million. The Company has state net operating loss carryforwards ranging from $1 million to $40 million in the sixteen states where the Company does not file a combined return. These loss carryforwards expire between 2007 and 2012. Foreign tax credits of approximately $23 million expiring between 1998 and 2002 are also available to the Company.

Deferred tax liabilities related to property and equipment were reduced to $1 million in 1995 from $92 million, primarily due to the recognition of deferred tax benefits arising from the 1995 recording of impairment on certain property under SFAS No. 121.

17 RETIREMENT PLANS AND OTHER BENEFITS

RETIREMENT PLANS

The Company has defined benefit pension plans covering most of its employees. Benefits generally are based on years of service and career-average compensation. Plans are funded in accordance with the provisions of the laws of the countries where the plans are in effect. Substantially all of the unfunded projected benefit obligation represents the German pension accrual for which there are no offsetting plan assets, as permitted by local statutory requirements. Plan assets consist primarily of stocks, bonds and temporary investments.

PRINCIPAL ASSUMPTIONS	1996	1995	1994
Weighted-average discount rate	7.5%	7.3%	8.6%
Weighted-average rate of compensation increase	4.4%	4.4%	4.6%
Weighted-average long-term rate of return on assets	9.8%	10.0%	10.0%

The components of net pension expense are:

(in millions)	1996	1995	1994
Service cost: benefits earned during period	$ 17	$ 19	$ 24
Interest cost on projected benefit obligation	70	76	71
Actual return on plan assets	(60)	(140)	34
Net amortization and deferral	7	81	(88)
Curtailment gain	--	(8)	--
Net pension expense	$ 34	$ 28	$ 41

In 1995, the Company curtailed a supplemental retirement plan for executives which resulted in a gain of $8 million.

The following table sets forth the plans' funded status and amounts recognized in the Consolidated Balance Sheets:

(in millions)	1996 ASSETS EXCEED ABO	1996 ABO EXCEEDS ASSETS	1995 ASSETS EXCEED ABO	1995 ABO EXCEEDS ASSETS
Actuarial present value of obligations:				
Vested	$ 4	$ 904	$ 5	$ 934
Nonvested	--	20	--	21
Accumulated benefit obligation (ABO)	4	924	5	955
Obligation for future salary increases	--	48	--	41
Projected benefit obligation (PBO)	4	972	5	996
Plan assets at fair value	6	646	7	656
Amount of plan assets over (under) PBO	2	(326)	2	(340)
Unrecognized net asset at transition	(3)	(17)	(3)	(26)
Unrecognized prior service cost	--	25	--	31
Unrecognized net loss	2	111	3	108
Recognition of a portion of the minimum liability as an intangible asset	--	(16)	--	(22)
Recognition of remaining minimum liability	--	(57)	--	(55)
Prepaid (accrued) pension cost	$ 1	$(280)	$ 2	$(304)

POST-RETIREMENT PLANS OTHER THAN PENSIONS

In addition to providing pension benefits, the Company sponsors post-retirement medical and life insurance plans which are available to most of its retired U.S. employees. In order to be eligible for these plans, employees must retire from the Company and have been previously covered under the Company's active medical or life insurance plans. The level of benefits available depends on the year of retirement and the plan in effect at that time. The plans are contributory and are not funded. Contributions are adjusted annually and depend on year of retirement and, in some cases, years of service.

The weighted-average discount rate used to determine the accumulated post-retirement benefit obligation was 7.5 percent in 1996 and 7.15 percent in 1995.

The following table sets forth the plans' combined accrued post-retirement benefit obligation:

(in millions)	1996	1995
Accumulated post-retirement benefit obligation:		
Retirees	$104	$158
Fully eligible active plan participants	8	6
Other active plan participants	5	3
	117	167
Unrecognized actuarial gain	92	45
Accrued post-retirement benefit obligation	$209	$212

For measurement purposes, a 9.6 percent increase in the cost of covered health care benefits was assumed for 1996. 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 1996 accumulated post-retirement benefit obligation by $8 million and the 1996 expense by $1 million.

Post-retirement medical and life insurance expense was $3 million in 1996, $10 million in 1995, and $14 million in 1994. Substantially all of the expense represents interest on the accumulated post-retirement benefit obligation; the service cost component was not significant. The cash cost to provide retiree medical and life insurance benefits was $7 million in each of 1996 and 1995, and $8 million in 1994.

401(k) PLAN

In January 1996, the Company established a savings plan under Section 401(k) of the Internal Revenue Code. 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' contribution. Such matching Company contributions are vested incrementally over 7 years. The charge to operations for the Company's matching contribution was $1.5 million in 1996 and $0.2 million in 1995.

18 SHAREHOLDER RIGHTS PLAN

The Company has issued one-half of a preferred stock purchase right for each outstanding share of common stock. Each right entitles a shareholder to purchase one one-hundredth of a share of Series B Participating Preferred Stock at an exercise price of $200, subject to adjustment. Generally, the rights become exercisable only if a person or group acquires 20 percent or more of the Company's outstanding voting stock or announces a tender offer for 20 percent or more of the Company's outstanding voting stock, other than pursuant to an offer for all outstanding shares of the Company which the Board of Directors determines to be fair to, and otherwise in the best interests of, the Company and its shareholders. The Company will be able to redeem the rights at $0.05 per right at any time during the period prior to the 10th business day following the date a person or group acquires 20 percent or more of the Company's voting stock.

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, 1998, unless earlier redeemed.

19 STOCK PLANS

Under the Company's 1995 Stock Option and Award Plan, options to purchase shares of common stock may be granted to officers and key employees at 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. One-half of each stock option is exercisable 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 is 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 1995 Stock Option and Award 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 1986 Stock Option Plan. The ability to grant options under the 1986 Stock Option Plan expired in June 1996. Options granted under that plan generally have terms similar to those granted under the 1995 plan, except that a majority of the options become exercisable in two equal installments on the first and the second anniversary 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, 2,150 participating employees purchased 320,622 shares during the year.

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 1996 and 1995 grants for stock-based compensation in accordance with the fair value method provisions of SFAS No.123 would have resulted in the following:

($ in millions, except per share amounts:)	1996	1995
NET INCOME (LOSS) AS REPORTED	$ 169	$ (164)
NET INCOME (LOSS) PRO FORMA	$ 165	$ (167)
NET INCOME (LOSS) PER SHARE AS REPORTED	$1.26	$(1.23)
NET INCOME (LOSS) PER SHARE PRO FORMA	$1.23	$(1.25)

These pro forma amounts are not expected to be indicative of the effects of applying the fair-value based method on future earnings since the Company's stock options vest over several periods.

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. Model assumptions for 1996 and 1995 for the Company's stock option plans were: weighted-average risk-free interest rates of 6.05 percent and 6.33 percent, respectively; a volatility factor of 30 percent; a two-year weighted-average expected award life and a zero dividend yield. The weighted-average fair value of options granted during 1996 and 1995 was $5.31 and $4.72 per option, respectively. Model assumptions for 1996 and 1995, for the Company's Stock Purchase Plan were: weighted average risk-free interest rates of 6.03 percent and 6.02 percent, respectively; a volatility factor of 25 percent; an expected life of 0.7 years and a zero dividend yield. The weighted-average fair value of those purchase rights granted in 1996 and 1995 was $5.14 and $3.24 per right, respectively.

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

(in thousands, except prices per share)	1996 NUMBER OF SHARES	1996 WEIGHTED-AVERAGE EXERCISE PRICE	1995 NUMBER OF SHARES	1995 WEIGHTED-AVERAGE EXERCISE PRICE	1994 NUMBER OF SHARES	1994 WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at beginning of year	6,913	$24.13	6,183	$26.13	4,725	$28.70
Granted	1,757	$16.25	1,288	$15.32	1,747	$19.26
Exercised	159	$17.27	2	$10.55	29	$11.33
Expired or canceled	1,135	$26.59	556	$26.18	260	$28.32
Options outstanding at end of year	7,376	$22.02	6,913	$24.13	6,183	$26.13
Options exercisable at end of year	5,155	$24.59	5,026	$27.03	4,079	$28.73
Options available for future grant at end of year	3,798		6,087		831	

The following table summarizes information about stock options outstanding and exercisable at January 25, 1997:

(in thousands, except prices per share) RANGE OF EXERCISE PRICE	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
$12.44 to $14.94	964	8.0 years	$13.72	872	$13.69
$15.13 to $18.81	2,491	8.8	15.71	496	15.60
$20.25 to $24.69	1,218	5.1	23.26	1,084	23.36
$27.75 to $29.94	1,735	4.8	29.22	1,735	29.22
$30.06 to $34.25	968	3.6	32.07	968	32.07
$12.44 to $34.25	7,376	6.5 years	$22.02	5,155	$24.59

20 RESTRICTED STOCK

In 1994, 200,000 restricted shares of common stock were granted to an officer of the Company. The market value of the shares at the date of grant amounted to $3 million and is recorded within shareholders' equity in the accompanying Consolidated Financial Statements. The market value is being amortized as compensation expense over the related vesting period. The compensation expense was $0.8 million and $1.4 million in 1996 and 1995, respectively.

21 PREFERRED STOCK

In August 1996, the Company called for the redemption of the issued and outstanding shares of the $2.20 Series A Convertible Preferred Stock ("Preferred Stock") at the redemption price of $45 per share on October 23, 1996 (the "Redemption Date"). Shares of Preferred Stock were convertible into 5.68 shares of the Company's common stock for each share of Preferred Stock. Conversion privileges expired on the Redemption Date. Substantially all of the outstanding shares of Preferred Stock were converted by the holders into the Company's common stock.

22 COMMITMENTS

In connection with the sales of various businesses, the Company guarantees the payment of lease commitments transferred to third parties pursuant to those sales. The Company is operating certain stores for which lease termination 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 probable resolution of such contingencies will not materially affect the financial position or result of operations of the Company.

23 LEGAL PROCEEDINGS

Between March 30, 1994 and April 18, 1994, the Company and certain of its present and former directors and officers were named as defendants in lawsuits brought by certain shareholders claiming to represent classes of shareholders that purchased shares of the Company's common stock during different periods between January 1992 and March 1994. In April 1994, these lawsuits were consolidated in an action styled In re: Woolworth Corporation Class Action Securities Litigation pending in federal court in New York.

These class action complaints purport to present claims under the federal securities and other laws and seeks unspecified damages based on alleged misleading disclosures during the class period between May 1993 and March 1994.

On March 13, 1997, the parties' representatives engaged in a mediation proceeding with a view toward settling the issues in dispute. As a result, the parties have agreed in principle to a settlement of the class action, subject to final documentation and the approval of the court. In the opinion of management, the settlement, if approved by the court, would not have a material adverse effect on the financial position or results of operations of the Company.

The staff of the Securities and Exchange Commission ("SEC") is conducting an inquiry relating to the matters that were reviewed by a Special Committee of the Board of Directors as well as in connection with trading in the Company's securities by certain directors and officers of the Company. The SEC staff has advised that its inquiry should not be construed as an indication by the SEC or its staff that any violations of law have occurred. In the opinion of management, the result of the inquiry will not have a material adverse effect on the financial position or results of operations of the Company.

In addition to the matters discussed above, various legal proceedings that have arisen during the course of the Company's business are pending against the Company and its subsidiaries. In the opinion of management the ultimate outcome to the Company and its subsidiaries as a result of legal proceedings is adequately covered by insurance, or if not covered, would not have a material adverse effect on the financial position or results of operations of the Company.

24 SHAREHOLDER INFORMATION AND MARKET PRICES (UNAUDITED)

Woolworth Corporation common stock is listed on the New York, Toronto, Amsterdam, as well as the Lausanne and Elektronische Boerse 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 25, 1997, 42,905 shareholders of record owned 134,046,720 common shares.

Market prices for the Company's common and preferred stock is as follows:

	1996			1995		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
COMMON STOCK QUARTER						
1st Q	19 3/4	10 7/8	19 3/8	19 3/8	14 3/4	16
2nd Q	23 1/4	18 1/4	19 3/4	16 3/8	14 3/8	15 3/4
3rd Q	22 3/8	18 5/8	21 5/8	16 7/8	12 3/4	14 5/8
4th Q	25 1/4	20 1/4	20 1/2	15 3/4	9 3/8	11 1/4
PREFERRED STOCK QUARTER						
1st Q	112	61	110 1/4	106	85	88 1/2
2nd Q	131 3/8	104	121	89	80	89
3rd Q	130 3/8	105 3/8	122 3/4	94	76	94
4th Q	--	--	--	86	62	63 1/2

25 QUARTERLY RESULTS (UNAUDITED)

(in millions, except per share amounts)	1ST Q	2ND Q	3RD Q	4TH Q	YEAR
SALES					
1996	$1,820	1,856	2,048	2,368	$8,092
1995	$1,794	1,922	2,071	2,437	$8,224
GROSS PROFIT (a)					
1996	$ 525	583	663	740	$2,511
1995	$ 489	588	652	760	$2,489
OPERATING PROFIT (LOSS) (b)					
1996	$ --	69	143	199	$ 411
1995	$ (79)	30	99	(91)	$ (41)
NET INCOME (LOSS)					
1996	$ (22)	22	69	100	$ 169
1995	$ (80)	(11)	34	(107)	$ (164)
NET INCOME (LOSS) PER SHARE					
1996	$ (.17)	.17	.52	.74	$ 1.26
1995	$ (.60)	(.09)	.26	(.80)	$(1.23)

(a) Gross profit represents sales less cost of sales.
(b) Operating profit (loss) represents income (loss) before income taxes, interest expense, and corporate expense.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in millions, except per share amounts)	1996	1995	1994	1993	1992
SUMMARY OF OPERATIONS					
Sales	$ 8,092	8,224	8,238	9,558	9,922
Cost of sales	5,581	5,735	5,626	6,747	6,683
Selling, general and administrative expenses	2,006	2,166	2,201	2,615	2,501
Depreciation and amortization	187	239	233	257	254
Interest expense	73	119	107	79	87
Other income	(35)	(43)	(55)	(68)	(40)
Adoption of accounting standard for impairment of long-lived assets	--	241	--	--	--
Provision for disposition of Woolco	--	--	30	168	--
Repositioning and restructuring charges	--	--	--	558	--
Income tax expense (benefit)	111	(69)	49	(303)	157
Net income (loss)	$ 169	(164)	47	(495)	280
Per common share	$ 1.26	(1.23)	.36	(3.76)	2.14
Common stock dividends declared	$ --	--	.74	1.16	1.12
Preferred stock dividends declared	$ 1.10	2.20	2.20	2.20	2.20
Weighted-average common shares outstanding	133.5	132.9	132.3	131.7	130.8
FINANCIAL CONDITION					
Merchandise inventories	$ 1,269	1,364	1,622	1,579	2,269
Property and equipment, net	$ 1,058	1,225	1,521	1,531	1,626
Total assets	$ 3,476	3,506	4,145	4,593	4,692
Short-term debt	$ --	69	853	533	164
Current portion of long-term debt and obligations under capital leases	$ 17	25	26	32	21
Long-term debt and obligations under capital leases	$ 580	619	309	336	372
Total shareholders' equity	$ 1,334	1,229	1,358	1,349	2,059
Common shareholders' equity	$ 1,334	1,225	1,354	1,344	2,054
Common shareholders' equity per share	$ 9.96	9.21	10.22	10.19	15.64
FINANCIAL RATIOS					
Return on beginning common equity (ROE)	13.8%	(12.1)	3.5	(24.0)	13.8
Return on average investment (ROI)	6.9%	0.8	3.6	(6.7)	9.3
Operating profit (loss) as a percentage of sales	5.1%	(0.5)	3.3	(6.8)	5.8
Net income (loss) as a percentage of sales	2.1%	(2.0)	0.6	(5.2)	2.8
Debt capitalization percent	66.4%	69.9	71.2	69.2	56.5
Debt capitalization percent (without present value of operating leases)	30.9%	36.7	46.7	40.0	21.3
Current ratio	2.1X	1.9	1.2	1.2	1.6
Number of stores at year end	7,746	8,178	8,629	8,368	8,990

BOARD OF DIRECTORS

ROGER N. FARAH (1)
Chairman of the Board and Chief Executive Officer

DALE W. HILPERT
President and Chief Operating Officer

J. CARTER BACOT (1,4,6)
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 Imasco Limited (consumer products and services)

HELEN GALLAND (1,2,5)
President and Chief Executive Officer Helen Galland Associates (marketing and business consulting services)

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)

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

CHRISTOPHER A. SINCLAIR (1,6)
President and Chief Executive Officer Quality Food Centers, Inc. (supermarket chain)

CORPORATE OFFICERS

ROGER N. FARAH
Chairman of the Board and Chief Executive Officer

DALE W. HILPERT
President and Chief Operating Officer

Senior Vice Presidents

M. JEFFREY BRANMAN
Corporate Development

JOHN E. DEWOLF III
Real Estate

JOHN F. GILLESPIE
Human Resources

ANDREW P. HINES
Chief Financial Officer

Vice Presidents

GARY M. BAHLER
General Counsel and Secretary

THOMAS A. BEAUCHAMP
Information Systems

GARY H. BROWN
Real Property

JOHN H. CANNON
Treasurer

BRUCE L. HARTMAN
Controller

CYNTHIA M. KRASNE
Strategic Planning and Analysis

MARK J. LARSON
General Auditor

MARYANN M. MCGEORGE
Merchandise Operations

HENRY C. MINER III
Taxation

JURIS PAGRABS
Investor Relations

PATRICIA A. PECK
Human Resources

RICHARD J. PRICE
Logistics

VIVIAN J. SHAW
Financial Planning and Analysis

FRANCES E. TRACHTER
Public Affairs

CONSOLIDATED OPERATIONS

ATHLETIC FOOTWEAR AND APPAREL DIVISION

WILLIAM L. DEVRIES
President and Chief Executive Officer

RETAIL COMPANY OF GERMANY, INC.

MANFRED SCHOENMEIER
President and Chief Executive Officer

F.W. WOOLWORTH CO.

PAUL T. DAVIES
President and Chief Executive Officer

WOOLWORTH CANADA INC.

ALAN M. BEAM
President and Chief Executive Officer

SPECIALTY FOOTWEAR DIVISION

CAROL G. GREER
President and Chief Executive Officer

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345 Park Avenue
New York, NY 10154
(212) 758-9700

FORM 10-K
A copy of Woolworth Corporation's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission is available, without charge, by request to the Corporate Secretary at the Corporate Headquarters.

SHAREHOLDERS' MEETING
The next annual meeting of shareholders will be held at the New York Marriott Financial Center Hotel, 85 West Street, New York, New York 10006 at 10:00 A.M. (local time) on June 12, 1997. The formal notice of the meeting, proxy statement, and form of proxy will be mailed to each shareholder on or about May 5, 1997, at which time proxies will be requested by management.

NOTE THAT THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS IN THE SHAREHOLDERS' LETTER AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, WHICH REFLECT MANAGEMENT'S CURRENT VIEWS OF FUTURE EVENTS AND FINANCIAL PERFORMANCE. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON MANY ASSUMPTIONS AND FACTORS INCLUDING THE EFFECTS OF CURRENCY FLUCTUATIONS, CONSUMER PREFERENCES, AND ECONOMIC CONDITIONS WORLDWIDE. ANY CHANGES IN SUCH ASSUMPTIONS OR FACTORS COULD PRODUCE SIGNIFICANTLY DIFFERENT RESULTS.

(C) 1997 Woolworth Corporation

(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

The service marks and trademarks appearing in this report (except for Wal-Mart) are owned by Woolworth Corporation or its subsidiaries.

Investor inquiries should be directed to the Investor Relations Department at (212) 553-2600.

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WOOLWORTH CORPORATION
WOOLWORTH BUILDING
233 BROADWAY
NEW YORK, NEW YORK 10279-0003

EXHIBIT 21

WOOLWORTH CORPORATION AND SUBSIDIARIES 1/
April 15, 1997

Name	State or Other Jurisdiction of Incorporation
Woolworth Corporation	New York
Foot Locker Asia, Inc.	Delaware
Foot Locker Asia Limited	Hong Kong
Foot Locker Australia, Inc.	Delaware
Foot Locker Belgium N.V	Belgium
Foot Locker Europe B.V.	Netherlands
Foot Locker France S.A.	France
Faust S.A.R.L.	France
Florentin Freres-Primaprix S.A.	France
Les Nouveautes du Centre S.A.R.L.	France
Foot Locker Germany GmbH	Germany
Foot Locker Italy S.r.l.	Italy
Foot Locker Japan, Inc.	Delaware
Foot Locker Netherlands B.V.	Netherlands
Foot Locker Singapore Pte. Ltd.	Singapore
Foot Locker Spain S.L.	Spain
Foot Locker (Thailand) Co., Ltd.	Thailand
Foot Locker U.K. Limited	U.K.
Freedom Sportsline Limited	U.K.
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

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 Woolworth Corporation are consolidated with Woolworth Corporation for accounting and financial reporting purposes.

[FOOTNOTES CONTINUED ON LAST PAGE]

[WOOLWORTH CORPORATION -- (CONT.)]

Subsidiary	Jurisdiction
The Richman Brothers Company	Ohio
Custom Cut, Inc.	Delaware
RX Place, Inc.	Delaware
The San Francisco Music Box Company	California
Team Edition Apparel, Inc.	Florida
F. W. Woolworth Co.	New York
Afterthoughts Boutiques, Inc.	Delaware
Barclay Park and Church Advertising Inc.	Delaware
Checklot Service Center, Inc.	Delaware
Eastbay, Inc.	Wisconsin
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
340 Supply Co.	Pennsylvania
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
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

[WOOLWORTH CORPORATION -- (CONT.)]
[F. W. WOOLWORTH CO. -- (CONT.)]
[ROSEDALE ACCESSORY LADY, INC. -- (CONT.)]

Subsidiary	State
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
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
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
Riverside Hackensack Accessory Lady, Inc.	New Jersey
Roosevelt Field Accessory Lady, Inc.	New York
Scottsdale Accessory Lady, Inc.	Arizona
Southdale Accesory 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

[WOOLWORTH CORPORATION -- (CONT.)]

[F. W. WOOLWORTH CO. -- (CONT.)]

[ROSEDALE ACCESSORY LADY, INC. -- (CONT.)]

Tysons Corner Accessory Lady, Inc.	Virginia
Valley Fair Accessory Lady, Inc.	California
Willowbrook Accessory Lady, Inc.	New Jersey
Woodman Avenue Accessory Lady, Inc.	California
Kinney Shoe Corporation	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
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 of Washington Outlet Mall, Inc.	Florida
SneaKee Feet, Inc.	Florida

[Woolworth Corporation -- (Cont.)]

Name	Jurisdiction
[KINNEY SHOE CORPORATION -- (CONT.)]	
[ARMEL, INC. -- (CONT.)]	
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
Menlo Trading Company	California
Athletic Shoe Factory, Inc.	California
Simpson's Ferry Leasing Corp.	Delaware
Janess Properties, Inc.	Delaware
Kinney Service Corporation	Delaware
Kinney Trading Corp.	New York
Robby's Sporting Goods, Inc.	Florida
Woolworth Realty Corporation	New York
Woolworth World Trade Corp.	New York
Woolworth Holding S.A. de C.V.	Mexico
Woolworth Mexicana, S.A. de C.V.	Mexico
Foot Locker de Mexico, S.A. de C.V.	Mexico
Distribuidora Foot Locker S.A. de C.V.	Mexico
Woolworth Canada Inc.	Canada
142739 Canada Limited	Canada
Woolco Pharmacy (Saskatchewan) Ltd.	Canada
Woolworth Overseas Corp.	Delaware
Kinney Shoes (Australia) Limited	Australia
Colorado Adventure Clothing Pty. Ltd.	Australia
Mathers Enterprises Limited	Australia
Williams The Shoemen Pty. Ltd.	Australia
Retail Company of Germany, Inc.	Delaware
F. W. Woolworth Co. GmbH	Germany
F. W. Woolworth Co. Ges. mbH	Austria
Tappiser & Werner GmbH	Germany
Krone Grundstucksgesellschaft mbH 3/	Germany
LIDOS Verwaltung GMBH & Co. Vermietungs KG 4/	Germany
Meyer Der Schuh Beteiligungs-GmbH u. Co. KG 5/	Germany
Christa Grundstucks-Vermietungsgesellschaft mbH & Co. Objekt Frankfurt KG 6/	Germany
Merkur Einkaufsgesellschaft KAUFRING-WOOLWORTH mbH 7/	Germany

[WOOLWORTH CORPORATION -- (CONT.)]
[WOOLWORTH WORLD TRADE CORP. (CONT.)]
[RETAIL COMPANY OF GERMANY, INC. {CONT.}]
[F.W. WOOLWORTH CO. GMBH. {CONT.}]

EMPTIO I Beteiligungsgesellschaft GbR 8/	Germany
Kaufring AG 9/	Germany
Meyer Der Schuh Beteiligungs-gesellschaft mbH	Germany

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2/ 1 million shares of Series A Convertible Preferred Stock, par value $.0001 per share pursuant to a Stock Acquisition Agreement dated May 30, 1996.

3/ 0.29% owned by Retail Company of Germany, Inc.; 99.71% owned by F. W. Woolworth Co. GmbH.

4/ Krone Grundstucksgesellschaft mbH acquired 99% of the shares as a limited partner in 1995.

5/ 99% of the capital is owned Krone Grundstucksgesellschaft mbH (limited partner) and 1% of the capital is owned by Meyer Der Schuh Beteiligungs-GmbH (unlimited partner).

6/ F. W. Woolworth Co. GmbH owns 99% of the capital of this subsidiary and 15% of the voting. rights.

7/ 50% owned by F. W. Woolworth Co. GmbH; 50% owned by Kaufring AG.

8/ 50% owned by F. W. Woolworth Co. GmbH; 50% owned by Commerzbank AG.

9/ 25% of the capital is owned by EMPTIO I Beteiligungsgesellschaft GbR.

EXHIBIT 23(a)

WOOLWORTH CORPORATION
CONSENT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Woolworth Corporation:

We consent to the incorporation by reference in the Registration Statements Numbers 33- 10783, 33-91888, 33-91886, 33-97832, 333-07215 and 333-21131 on Form S-8 and Numbers 33-43334 and 33-86300 on Form S-3 of Woolworth Corporation and subsidiaries of our report dated March 11, 1997, relating to the consolidated balance sheets of Woolworth Corporation and subsidiaries as of January 25, 1997 and January 27, 1996 and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, which report appears in the January 25, 1997 Annual Report on Form 10-K of Woolworth Corporation and subsidiaries.

Our report refers to the adoption of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", in 1995.

/s/KPMG Peat Marwick LLP
New York, New York
April 24, 1997

EXHIBIT 23(b)

WOOLWORTH CORPORATION
CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-10783, 33-91888, 33-91886, 33-97832, 333-07215 and 333-21131) and in the Prospectuses constituting part of the Registration Statements on Form S-3 (No. 33-43334 and No. 33-86300) of Woolworth Corporation of our report dated March 8, 1995 appearing in this Form 10-K.

/s/ Price Waterhouse LLP
Avenue of the Americas
New York, New York
April 22, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED STATEMENTS OF INCOME FOR THE TWELVE MONTHS ENDED JANUARY 25, 1997
AND THE CONSOLIDATED BALANCE SHEET AS OF JANUARY 25, 1997 AND IS QUALIFIED IN
ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

12-MOS
JAN-25-1997
JAN-28-1996
JAN-25-1997
321
0
0
0
1,269
1,823
1,058
1,186
3,476
856
580
0
0
0
1,035
3,476
8,092
8,127
5,581
5,581
187
0
73
280
111
169
0
0
0
169
1.26
0

EXHIBIT 99

WOOLWORTH CORPORATION
REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors and Shareholders
Woolworth Corporation:

In our opinion, the financial statements as of and for each of the two years in the period ended January 28, 1995 appearing on pages 18 through 34 of the Woolworth Corporation 1996 Annual Report to Shareholders which has been incorporated by reference in this Form 10-K Annual Report presented fairly, in all material respects, the financial position, results of operations and cash flows of Woolworth Corporation and its consolidated subsidiaries as of and for each of the two years in the period ended January 28, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform an 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 accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above. We have not audited the financial statements of Woolworth Corporation and its consolidated subsidiaries for any period subsequent to January 28, 1995.

As discussed in the Legal Proceedings note to the financial statements, the Company is a defendant in class action shareholder lawsuits alleging misleading disclosures and other claims under federal securities and other laws during the class period. The ultimate outcome of the litigation can not be determined at present. No provision for any liability that may result upon adjudication has been made in the financial statements as of January 28, 1995.

/s/Price Waterhouse
New York, New York
March 8, 1995