

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 10 - Q

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

For the quarterly period ended July 26, 1997

Commission file no. 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
(Address of principal executive offices)10279-0003
(Zip Code)

Registrant's telephone number: (212) 553-2000

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 NO
 --- ---

Number of shares of Common Stock outstanding at August 29, 1997:134,914,082

WOOLWORTH CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

WOOLWORTH CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	July 26, 1997 ----- (Unaudited)	July 27, 1996 ----- (Unaudited)	January 25, 1997 ----- (Audited)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 69	\$ 97	\$ 328
Merchandise inventories	1,216	1,259	1,066
Net assets of discontinued operations	209	268	236
Other current assets	174	205	202
	-----	-----	-----
	1,668	1,829	1,832
Property and equipment, net	903	1,032	983
Deferred charges and other assets	737	592	524
	-----	-----	-----
	<u>\$ 3,308</u>	<u>\$ 3,453</u>	<u>\$ 3,339</u>
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term debt	\$ 38	\$ 137	\$ --
Accounts payable	352	360	286
Accrued liabilities	526	350	427
Current portion of long-term debt and obligations under capital leases	14	17	15
	-----	-----	-----
	930	864	728
Long-term debt and obligations under capital leases	568	605	575
Deferred taxes and other liabilities	721	779	702
Shareholders' Equity:			
Preferred stock	--	--	--
Common stock and paid-in capital	311	297	299
Retained earnings	870	891	1,050
Foreign currency translation adjustment	(55)	52	22
Minimum pension liability adjustment	(37)	(35)	(37)
	-----	-----	-----
Total shareholders' equity	1,089	1,205	1,334
Commitments			
	-----	-----	-----
	<u>\$ 3,308</u>	<u>\$ 3,453</u>	<u>\$ 3,339</u>
	=====	=====	=====

See accompanying notes to Condensed Consolidated Financial Statements.

WOOLWORTH CORPORATION

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

	Thirteen weeks ended		Twenty-six weeks ended	
	July 26, 1997 ----	July 27, 1996 ----	July 26, 1997 ----	July 27, 1996 ----
Sales	\$ 1,500	\$ 1,607	\$ 3,039	\$ 3,177
Cost and Expenses:				
Cost of sales	1,037	1,095	2,111	2,214
Selling, general and administrative expenses	370	416	758	831
Depreciation and amortization	43	44	84	89
Interest expense	11	15	22	32
Other income	(2)	(6)	(6)	(7)
	-----	-----	-----	-----
	1,459	1,564	2,969	3,159
	-----	-----	-----	-----
Income from continuing operations before income taxes	41	43	70	18
Income tax expense	15	17	27	7
	-----	-----	-----	-----
Income from continuing operations	26	26	43	11
Loss from discontinued operations, net of income taxes of \$8, \$2, \$19 and \$7, respectively	(12)	(4)	(28)	(11)
Loss on disposal of discontinued operations, net of income taxes of \$115	(195)	--	(195)	--
Net income (loss)	\$ (181) =====	\$ 22 =====	\$ (180) =====	\$ -- =====
Per common share:				
Income from continuing operations	\$ 0.19	\$ 0.19	\$ 0.32	\$ 0.08
Loss from discontinued operations	\$ (1.54)	\$ (0.02)	\$ (1.66)	\$ (0.08)
	-----	-----	-----	-----
Net income (loss)	\$ (1.35) =====	\$ 0.17 =====	\$ (1.34) =====	\$ -- =====
Weighted-average common shares outstanding	134.5	133.3	134.3	133.2

See accompanying notes to Condensed Consolidated Financial Statements.

WOOLWORTH CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(Unaudited)
(in millions)

	Twenty-six weeks ended	
	July 26, 1997 ----	July 27, 1996 ----
Retained earnings at beginning of year	\$ 1,050	\$ 891
Net income (loss)	(180)	--
Cash dividends declared:		
Preferred stock (1996 - \$1.10 per share)	--	--
	-----	-----
Retained earnings at end of interim period	\$ 870 =====	\$ 891 =====

See accompanying notes to Condensed Consolidated Financial Statements.

WOOLWORTH CORPORATION

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

	Twenty-six weeks ended	
	July 26, 1997 ----	July 27, 1996 ----
From Operating Activities:		
Net income (loss)	\$ (180)	\$ --
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Non-cash charge for discontinued operations	310	--
Discontinued operations activities	(11)	--
Depreciation and amortization	84	92
Net gain on sales of real estate	(4)	(13)
Deferred income taxes	(138)	(16)
Change in assets and liabilities, net of acquisition:		
Merchandise inventories	(153)	(91)
Accounts payable	63	121
Change in net assets of discontinued operations	27	44
Other, net	(111)	(121)
	(113)	16
	-----	-----
From Investing Activities:		
Proceeds from sales of real estate	19	21
Capital expenditures	(56)	(36)
Payments for business acquired, net of cash acquired	(140)	--
Proceeds from sales of assets and investments	--	19
	(177)	4
	-----	-----
From Financing Activities:		
Increase in short-term debt	38	69
Reduction in long-term debt and capital lease obligations	(1)	(9)
Issuance of common stock	11	6
Dividends paid	--	--
	48	66
	-----	-----
Effect of exchange rate fluctuations on Cash and Cash Equivalents	(17)	(3)
	(17)	(3)
	-----	-----
Net change in Cash and Cash Equivalents	(259)	83
Cash and Cash Equivalents at beginning of year	328	14
	-----	-----
Cash and Cash Equivalents at end of interim period	\$ 69	\$ 97
	=====	=====
Cash paid during the period:		
Interest	\$ 22	\$ 32
Income taxes	\$ 46	\$ 9

See accompanying notes to Condensed Consolidated Financial Statements.

WOOLWORTH CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in the 1996 Annual Report to Shareholders of Woolworth Corporation (the "Registrant"), portions of which Annual Report are incorporated by reference in the Registrant's Annual Report on Form 10-K for the year ended January 25, 1997, as filed with the Securities and Exchange Commission (the "SEC"). Certain items included in these statements are based on management's estimates. In the opinion of management, all material adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim period have been included. The results for the twenty-six weeks ended July 26, 1997 are not necessarily indicative of the results expected for the year.

Discontinued Operations

On July 17, 1997, the Registrant announced that it is exiting its domestic Woolworth general merchandise business. The Registrant expects to convert approximately 100 of its prime locations to Foot Locker, Champs Sports, and other athletic or specialty formats. The Registrant expects to close its remaining stores as well as the division's distribution center in Denver, Pennsylvania by November 1997.

The results of operations for all periods presented for this business have been classified as discontinued operations in the Condensed Consolidated Statements of Operations. Sales from discontinued operations for the second quarters of 1997 and 1996 were \$198 million and \$249 million, respectively. Sales from discontinued operations for the year-to-date periods ended July 26, 1997 and July 27, 1996 were \$427 million and \$499 million, respectively.

The Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows have been restated for discontinued operations. The following is a summary of the net assets of discontinued operations:

	July 26, 1997	July 27, 1996	Jan. 25, 1997
	----	----	----
Assets	\$358	\$400	\$373
Liabilities	149	132	137
	----	----	----
Net assets of discontinued operations	\$209	\$268	\$236
	====	====	====

The assets consist primarily of inventory and fixed assets. Liabilities consist primarily of amounts due to vendors.

Disposition activity related to the discontinued operations reserve for the period of July 17, 1997 to July 26, 1997 was a reduction of the reserve of approximately \$11 million.

Reclassifications

Certain balances in prior periods have been reclassified to conform with the presentation adopted in the current period.

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. On June 23, 1997, a proposed settlement of the class action was reached by the parties that provides for the payment to the class of \$20 million. The settlement is subject to final approval of the court which has scheduled a settlement hearing for September 29, 1997. The amount of the settlement, net of amounts to be paid by insurance carriers under relevant insurance policies, has been reserved by the Registrant. 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 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 filed a notice of appeal from the dismissal to the Appellate Division, First Department. On June 5, 1997, the court affirmed the dismissal of this action. Plaintiffs' time to appeal the dismissal has expired and there have been no further proceedings. 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. In the opinion of management, the results of this action would not 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 September 4, 1997.

Recent Accounting Pronouncements

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 128, "Earnings per Share", which is effective for financial statements issued for periods ending after December 15, 1997 and therefore, effective for the Registrant for the fiscal year ending January 31, 1998. SFAS No. 128 simplifies the standards for computing earnings per share previously found in Accounting Principles Board Opinion No. 15 and establishes new standards for computing and presenting earnings per share. Application of SFAS No. 128 is not expected to have a significant impact on the Registrant's earnings per share.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income", which is effective for financial statements issued for fiscal years beginning after December 15, 1997 and therefore, effective for the Registrant for the fiscal year beginning February 1, 1998. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in the financial statements. A revised presentation of information on the income statement is required for comparative purposes.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which is effective for financial statements issued for fiscal years beginning after December 15, 1997 and therefore, effective for the Registrant for the fiscal year beginning February 1, 1998. SFAS No. 131 supersedes previously established standards for reporting operating segments in the financial statements and requires disclosures regarding selected information about operating segments in interim financial reports.

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

As discussed more fully in the footnotes to the Condensed Consolidated Financial Statements, the Registrant announced that it is exiting its domestic Woolworth general merchandise business. Accordingly, the results of operations for all periods presented for this business have been classified as discontinued operations and all financial statements have been restated.

Total sales for the 1997 second quarter decreased 6.7 percent to \$1,500 million compared with \$1,607 million for the 1996 second quarter principally due to 423 fewer stores. Excluding the effect of foreign currency fluctuations and sales from disposed operations, sales remained level for the quarter. Comparable-store sales decreased 2.5 percent. Total Specialty segment sales increased 1.8 percent in the second quarter and comparable-store sales decreased 1.5 percent. International General Merchandise segment sales decreased 17.4 percent for the second quarter of 1997 as compared with the second quarter of 1996. Comparable-store sales in the International General Merchandise segment decreased 5.3 percent during the period. Excluding the impact of foreign currency fluctuations, sales decreased by 6.6 percent, as compared with the second quarter of 1996.

Year-to-date 1997 sales decreased 4.3 percent to \$3,039 million as compared with \$3,177 million for 1996. Excluding the effect of foreign currency fluctuations and sales from disposed operations, sales increased 2.5 percent as compared with 1996. Comparable-store sales decreased 1.4 percent as compared with corresponding year-earlier period.

Second quarter operating profit from continuing operations (before corporate expense, interest expense and income taxes) of \$74 million improved as compared with \$72 million in the second quarter of 1996. This improvement relates to the disposition of unprofitable formats and reduced selling, general and administrative expenses, ("SG&A") partially offset by an increase in cost of sales. The improvement in SG&A of \$46 million and \$73 million for the thirteen

and twenty-six weeks ended July 26, 1997, respectively, as compared with the corresponding prior year periods reflects management's continuing effort to implement cost reduction initiatives. Cost of sales as a percentage of sales increased as a result of inventory markdowns taken to keep inventory current.

The Registrant reported income from continuing operations for the thirteen weeks ended July 26, 1997 of \$26 million, or \$0.19 per share, unchanged from the restated year-earlier period. For the twenty-six weeks ended July 26, 1997 income from continuing operations was \$43 million, an increase of \$32 million from the restated prior year period. The Registrant reported a net loss for the quarter of \$181 million or \$1.35 per share, which includes an after-tax charge of \$207 million or \$1.54 per share for discontinued operations. This compares to net income of \$22 million, or \$0.17 per share for the corresponding year-earlier period. The Registrant reported a net loss of \$180 million, or \$1.34 per share, for the twenty-six weeks ended July 26, 1997 compared with break-even results for the corresponding year-earlier period.

As of July 26, 1997, the Registrant operated a total of 7,117 stores consisting of 6,555 Specialty stores and 562 International General Merchandise stores. This compares to 7,540 stores, excluding discontinued operations, consisting of 6,933 Specialty stores and 607 International General Merchandise stores operated at July 27, 1996.

SALES

The following table summarizes sales for continuing operations by segment and by geographic area:

(in millions)	Thirteen weeks ended		Twenty-six weeks ended	
	July 26, 1997	July 27, 1996	July 26, 1997	July 27, 1996
By segment:				
Specialty:				
Athletic Group	\$ 859	\$ 838	\$ 1,766	\$ 1,676
Northern Group	86	79	160	145
Specialty Footwear	129	132	250	254
Other Specialty	85	89	161	168
Specialty total	1,159	1,138	2,337	2,243
International General Merchandise:				
Germany	305	369	631	739
Other	36	44	69	81
International General Merchandise total	341	413	700	820
Disposed operations	--	56	2	114
	\$ 1,500	\$ 1,607	\$ 3,039	\$ 3,177
By geographic area:				
Domestic	\$ 940	\$ 912	\$ 1,928	\$ 1,835
International	560	639	1,109	1,228
Disposed operations	--	56	2	114
	\$ 1,500	\$ 1,607	\$ 3,039	\$ 3,177

Specialty

Athletic Group sales increased by 2.5 percent and 5.4 percent for the second quarter and year-to-date periods, respectively. These increases were primarily due to 145 store openings as well as sales from the first quarter acquisition of Eastbay, Inc. ("Eastbay"). Comparable-store sales decreased by 2.6 percent for the second quarter and remained level for the year-to-date period. Northern Group sales increased by 8.9 percent and 10.3 percent for the second quarter and year-to-date periods, respectively. Comparable-store sales increased for both the quarter and the year-to-date periods by 4.6 percent and 5.1 percent, respectively. Store openings in Northern Reflections, a women's casual sportswear store, and Northern Getaway, a children's apparel store also contributed to the sales increase.

The 2.3 percent decline in Specialty Footwear's second quarter sales, which resulted from closing 115 stores, was offset by a comparable-store sales increase of 2.0 percent. Sales declines in the Kinney format, particularly in Canada, were mitigated by favorable comparable-store sales increases achieved by store formats in Australia. For the year-to-date period, Specialty Footwear sales decreased by 1.6 percent, while comparable-store sales increased 1.9 percent. Other Specialty sales, adjusted for dispositions, decreased by 4.5 percent and 4.2 percent for the quarter and year-to-date periods, respectively. Comparable-store sales declined by 0.9 percent and 1.7 percent, respectively. The decline in Other Specialty sales were mainly due to the closure of 98 under-performing stores related to ongoing formats.

International General Merchandise

German general merchandise sales decreased by 17.3 percent and 14.6 percent for the second quarter and year-to-date periods, respectively. Excluding the impact of foreign currency fluctuations, sales decreased 5.2 percent and 2.2 percent for the second quarter and year-to-date periods, respectively. Comparable-store sales decreased by 4.5 percent and 4.8 percent for the second quarter and year-to-date periods, respectively.

OPERATING RESULTS

Operating results from continuing operations (before corporate expense, interest expense, and income taxes) are as follows:

(in millions)	Thirteen weeks ended		Twenty-six weeks ended	
	July 26, 1997 ----	July 27, 1996 ----	July 26, 1997 ----	July 27, 1996 ----
By Segment:				
Specialty	\$ 83	\$ 96	\$ 141	\$ 135
International General Merchandise	(9)	(18)	(12)	(30)
Net gain on sales of real estate	--	6	4	6
Disposed operations	--	(12)	(2)	(31)
	-----	-----	-----	-----
	\$ 74	\$ 72	\$ 131	\$ 80
	=====	=====	=====	=====
By geographic area:				
Domestic	\$ 74	\$ 81	\$ 141	\$ 132
International	--	(3)	(12)	(27)
Net gain on sales of real estate	--	6	4	6
Disposed operations	--	(12)	(2)	(31)
	-----	-----	-----	-----
	\$ 74	\$ 72	\$ 131	\$ 80
	=====	=====	=====	=====

Specialty

Specialty segment's operating profit decreased by \$13 million, or 13.5 percent as compared with the 1996 second quarter. The decrease was primarily due to changes in merchandise mix and increased markdowns within the Athletic Group. A shift in consumer preferences has contributed to the decisions to take those markdowns and to reposition the Registrant's merchandise assortment for the fourth quarter. Year-to-date operating profits increased \$6 million or 4.4 percent as compared with the corresponding period of 1996, which is primarily due to sales and gross margin increases achieved by the Athletic Group in the first quarter of 1997.

The Specialty Footwear segment improved operating results through continuing expense reduction initiatives. The Northern Group improved operating results, predominately through increased sales and higher margins.

International General Merchandise

The International General Merchandise segment's operating loss improved by \$9 million and \$18 million for the quarter and year-to-date periods as compared with the second quarter and year-to-date periods of 1996, respectively. The Registrant's German operations have significantly lowered its operating loss through reduced expenses by operating with a more flexible, smaller workforce.

SEASONALITY

The Registrant's 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.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$113 million for the twenty-six weeks ended July 26, 1997, as compared with cash provided of \$16 million in the comparable prior-year period. The increase in cash used resulted from the timing of inventory purchases. The Condensed Consolidated Statements of Cash Flows have been restated for discontinued operations for the prior period.

Net cash used in investing activities amounted to \$177 million for the twenty-six weeks ended July 26, 1997, as compared with cash provided of \$4 million during the corresponding period in 1996. The increase in cash used for investing was due to the January 30, 1997 cash acquisition of Eastbay and increased new store development spending for existing formats. Capital expenditures increased by \$20 million as compared to the prior-year second quarter; approximately \$285 million of capital expenditures are planned for the 1997 fiscal year as compared with \$134 million in 1996.

Inventories decreased \$43 million to \$1,216 million as of July 26, 1997, from a restated \$1,259 million as of July 27, 1996. The decrease from the second quarter of 1996 reflects the Registrant's merchandise improvement efforts as well as the sale of Silk & Satin, Lady Plus, Rubin and Moderna chains. The \$150 million increase in inventory levels from January 25, 1997 is a seasonal increase, as inventory levels are at their lowest in the fourth quarter.

Accounts payable at July 26, 1997 decreased by \$8 million as compared with the 1996 second quarter and increased by \$66 million to \$352 million as compared with the year-end level. The increase from January 25, 1997 coincides with the seasonal increase in inventory.

Short-term debt decreased \$99 million as compared with July 27, 1996 due to repayment using cash generated from operations. Short-term debt increased by \$38 million from the year-end level attributable to the financing of seasonal working capital needs.

Interest expense for the thirteen weeks ended July 26, 1997, decreased \$4 million over the comparable 1996 period. Interest expense for the year-to-date period decreased \$10 million. These declines were attributable to the reduction in total debt levels of \$139 million as well as lower financing costs resulting from renegotiation of the Registrant's credit agreement.

Shareholders' equity at July 26, 1997 decreased \$245 million from the level at January 25, 1997. This decrease was primarily attributable to the after-tax charge for discontinued operations of \$195 million and changes in foreign currency exchange rates.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

This information is incorporated by reference to the Legal Proceedings section of the Notes to Condensed Consolidated Financial Statements on page 8 of Part I, Item 1.

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

(a) The Registrant's annual meeting of shareholders was held on June 12, 1997, in New York, New York. Proxies were solicited by management of the Registrant pursuant to Regulation 14A under the Securities Exchange Act of 1934; there was no solicitation in opposition to management's nominees as listed in the Notice of 1997 Annual Meeting and Proxy Statement, both dated May 5, 1997.

(b) Each of Jarobin Gilbert Jr., Margaret P. MacKimm and John J. Mackowski were elected as a director in Class III for a three-year term ending at the annual meeting of shareholders of the Registrant in 2000. All of such individuals previously served as directors of the Registrant. J. Carter Bacot, Purdy Crawford, Roger N. Farah, Philip H. Geier Jr., Dale W. Hilpert, James E. Preston and Christopher A. Sinclair, having previously been elected directors of the Registrant for terms continuing beyond the 1997 annual meeting of shareholders, continue in office as directors. Helen Galland retired as a director at the 1997 annual meeting of shareholders, having reached the mandatory retirement age for directors.

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

(1) Election of Directors:

Name	Votes For	Votes Withheld	Abstentions and Broker Non-Votes
Jarobin Gilbert Jr.	109,756,782	2,357,330	0
Margaret P. MacKimm	109,788,879	2,325,233	0
John J. Mackowski	109,759,371	2,354,741	0

(2) Amendments to the Certificate of Incorporation and By-laws:

Votes For	Votes Against	Abstentions	Broker Non-Votes
----- 110,678,945	----- 880,980	----- 554,187	----- 0

(3) Ratification of the appointment of KPMG Peat Marwick LLP as independent accountants for the fiscal year beginning January 26, 1997:

Votes For	Votes Against	Abstentions	Broker Non-Votes
----- 111,585,116	----- 209,116	----- 319,880	----- 0

(4) Shareholder Proposal on reinstatement of the dividend:

Votes For	Votes Against	Abstentions	Broker Non-Votes
----- 13,000,515	----- 85,662,822	----- 975,725	----- 12,475,050

At the close of business on the record date of April 30, 1997, there were issued and outstanding 134,209,670 shares of the Registrant's Common Stock, par value \$.01 per share ("Common Stock"). There were represented at the meeting, in person or by proxy, 112,114,112 shares of Common Stock. Such shares represented 83.54 percent of the total number of shares of such class of stock issued and outstanding on the record date.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

An index of the exhibits that are required by this item, and which are furnished in accordance with Item 601 of Regulation S-K, appears on pages 16 through 18. The exhibits which are in this report immediately follow the index.

(b) Reports on Form 8-K

The Registrant filed a report on Form 8-K dated July 17, 1997 (date of earliest event reported) reporting that the Registrant was exiting its domestic Woolworth general merchandise business.

SIGNATURE

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

WOOLWORTH CORPORATION
(Registrant)

Date: September 4, 1997

/s/ Bruce L. Hartman

BRUCE L. HARTMAN
Vice President and Controller
(Principal Accounting Officer)

WOOLWORTH CORPORATION
 INDEX OF EXHIBITS REQUIRED BY ITEM 6(a) OF FORM 10-Q
 AND FURNISHED IN ACCORDANCE WITH ITEM 601 OF REGULATION S-K

Exhibit No. in Item 601 of Regulation S-K -----	Description -----
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.
3(i)(b)	Certificates of Amendment of the Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on (a) July 20, 1989 (b) July 24, 1990 and (c) July 9, 1997.
3(ii)	By-laws of the Registrant, as amended.
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) Exhibits 3 (i) (a) and 3 (i) (b) to this Form 10-Q.
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 Securities and Exchange Commission ("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 Registration Statement on Form S-4 filed by the Registrant with the SEC on May 9, 1989 (Registration No. 33-28469)).
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 Amendment No. 1 dated as of July 16, 1997 to the Credit Agreement dated April 9, 1997.
- 11 Computation of Net Income (Loss) Per Common Share.
- 12 Computation of Ratio of Earnings to Fixed Charges.
- 13 *
- 15 Letter re: Unaudited Interim Financial Statements.
- 16 *
- 17 *
- 18 *
- 19 *
- 20 *
- 21 *
- 22 *
- 23 *
- 24 *
- 25 *
- 26 *
- 27 Financial Data Schedule, which is submitted electronically to the SEC for information only and not filed.

* Not applicable

Exhibits filed with this Form 10-Q:

Exhibit No. -----	Description -----
3 (i)(a)	Certificate of Incorporation of the Registrant, as filed by the Department of State of State of New York on April 7, 1989.
3 (i)(b)	Certificates of Amendment of the Certificate of Incorporation of the Registrant.
3 (ii)	By-laws of the Registrant, as amended.
10	Amendment No. 1 dated as of July 16, 1997 to the Credit Agreement, dated April 9, 1997.
11	Computation of Net Income (Loss) Per Common Share.
12	Computation of Ratio of Earnings to Fixed Charges.
15	Letter re: Unaudited Interim Financial Statements.
27	Financial Data Schedule.
99	Independent Accountants' Review Report.

[AS FILED BY THE DEPARTMENT OF STATE OF
THE STATE OF NEW YORK ON APRIL 7, 1989.]

CERTIFICATE OF INCORPORATION
of
WOOLWORTH CORPORATION

Under Section 402 of the
Business Corporation Law

The undersigned, being a natural person of at least 18 years of age and acting as the incorporator of the corporation hereby being formed under the Business Corporation Law of the State of New York, hereby certifies that:

FIRST. - The name of the corporation is "Woolworth Corporation" (hereinafter called the "Corporation").

SECOND. - The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be formed under the Business Corporation Law of the State of New York; provided, however, that the Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body, without such consent or approval first being obtained.

THIRD. - The office of the Corporation is located in The City of New York, County of New York, State of New York.

FOURTH. - A. The aggregate number of shares which the Corporation has authority to issue is 257,000,000 shares, consisting of:

1. 250,000,000 shares of Common Stock of the par value of \$.01 each;
and
2. 7,000,000 shares of Preferred Stock of the par value of \$1.00 each.

B. No holder of shares of the Corporation of any class shall be entitled, as such, as a matter of right, to subscribe for, purchase or receive any shares of the Corporation of any class, or any securities convertible into, exchangeable for, or carrying a right or option to purchase, shares of any class, whether now or hereafter authorized and whether issued, sold or offered for sale by the Corporation for cash or other consideration or by way of dividend, split of shares or otherwise.

C. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article FOURTH, to provide for the issuance of shares of Preferred Stock in series and by filing a certificate pursuant to the Business Corporation Law, to establish the number of shares to be included in each such series, and to fix the designation, relative rights, preferences and limitations of the shares of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

1. The number of shares constituting that series and the distinctive designation of that series;

2. The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates;

3. Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

4. Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine.

5. Whether or not the shares of that series shall be redeemable, and if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

6. The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and

7. Any other relative rights, preferences and limitations of that series.

Dividends on outstanding shares of Preferred Stock shall be declared and paid, or set apart for payment, before any dividends shall be declared and paid, or set apart for payment, on the shares of Common Stock with respect to the same dividend period.

D. There is hereby established a series of the Corporation's authorized shares of Preferred Stock of the par value of \$ 1.00 each, and the authorized number of shares of that series, the designation, relative rights, preferences and limitations thereof are as follows:

1. Designation and Amount. The series shall be designated as "\$2.20 Series A Convertible Preferred Stock" (hereinafter called the "Series A Preferred Stock") and shall consist initially of a maximum of 180,000 shares, which number, from time to time, may be increased or decreased (but not decreased below the number of shares of the series then outstanding) by the Board of Directors. All shares of the series shall be identical with each other in all respects except as to the date from and after which dividends thereon shall be cumulative.

2. Dividends. The holders of shares of Series A Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of funds legally available therefor, cumulative cash dividends at the rate of \$2.20 per share per annum, and no more, payable in equal quarterly installments on the first day of March, June, September and December in each year. Dividends

on each share of Series A Preferred Stock issued on or before the first dividend date following June 1, 1989, (herein called the "Effective Date"), shall be cumulative from the Effective Date. Dividends on each share of Series A Preferred Stock issued after such first dividend date shall be cumulative from the first day of the dividend period during which such share was issued. As long as any shares of Series A Preferred Stock shall remain outstanding, no dividend (other than a dividend payable solely in shares of Common Stock) shall be declared, nor other distribution made on Common Stock, nor shall any Common Stock be redeemed, purchased or otherwise acquired for any consideration by the Corporation (except solely by conversion into, or exchange for, Common Stock) or any subsidiary thereof, unless all accrued dividends on all outstanding shares of Series A Preferred Stock have been fully paid and the full dividend for the current quarterly period has been paid or declared and funds set apart therefor. Holders of shares of Series A Preferred Stock shall not be entitled to any dividends other than full cumulative dividends in cash at the above rate, and shall be entitled to no interest on unpaid cumulative dividends. For the purposes of this Subsection 2, the term "Common Stock" shall mean the \$.01 par value Common Stock of the Corporation and any other stock ranking as to dividends or assets junior to the Series A Preferred Stock in respect of the payment of dividends or payment in liquidation, or both.

No dividend shall be paid upon, or declared or set apart for, any shares of Preferred Stock of any series for any dividend period unless at the same time a like proportionate dividend for the same dividend period, ratably in proportion to the respective annual dividend rates fixed therefor, shall be paid upon, or declared and set apart for, all shares of Series A Preferred Stock then issued and outstanding and entitled to receive dividends.

3. Voting Rights. Each holder of shares of Series A Preferred Stock shall be entitled to one vote for each share held. Shares of Series A Preferred Stock, shares of all other series of Preferred Stock and shares of Common Stock shall vote together, as a single class, upon all matters upon which shareholders are entitled to vote, (a) except as may be otherwise provided in this Certificate of Incorporation, (b) provided that the Board of Directors may afford additional voting rights with respect to any other series of Preferred Stock in fixing the designations, relative rights, preferences and limitations of shares of such series, and (c) provided that as long as shares of Series A Preferred Stock shall be entitled to elect two additional directors as hereinafter provided in this Subsection 3, such shares shall not be entitled to participate in the election of any other directors.

In the event of non-payment of the equivalent of six quarterly dividends (whether or not consecutive), holders of shares of Series A Preferred Stock shall be entitled to elect two additional directors of the Corporation until all accrued dividends have been paid, for terms of office expiring on the date of the annual meeting. In the event that the shares of Series A Preferred Stock shall become entitled to elect two additional directors of the Corporation, a meeting of the holders of shares of Series A Preferred Stock for the election of such directors shall be held at the request in writing of any holder of shares of Series A Preferred Stock, addressed to the Secretary of the Corporation, as soon as practicable after the receipt of such request and after notice similar to that provided in the By-laws for an annual meeting.

The affirmative vote of the holders of at least two-thirds of the shares of Series A Preferred Stock then outstanding, voting together as a single class, shall be required (a) to effect any amendment to this Certificate of Incorporation or the By-laws of the Corporation which adversely alters any existing provision of the Series A Preferred Stock, (b) to authorize the issuance of any shares of any class or series, or any security convertible into shares of any class or series, ranking as to dividends or assets prior to the Series A Preferred Stock, (c) to effect the sale, lease or conveyance by the Corporation of all or substantially all of its assets, or (d) to effect the consolidation or merger of the Corporation into any other corporation, unless such consolidation or merger would not adversely affect or subordinate the rights of the holders of shares of Series A Preferred Stock, and the corporation resulting therefrom would, after such consolidation or merger, have no class of stock and no other securities either authorized or outstanding ranking, as to dividends or assets, prior to, or on a parity with, the Series A Preferred Stock or the stock of the resulting corporation issued in exchange therefor.

4. Conversion Rights. The holders of shares of Series A Preferred Stock shall have the right, at their option, to convert such shares into shares of Common Stock at any time on the following terms and conditions:

a. Shares of Series A Preferred Stock shall be convertible at the office of the Transfer Agent of the Corporation for such series into fully paid and non-assessable shares (calculated as to each conversion to the nearest 1/100th of a share) of Common Stock at the conversion rate in effect at the time of conversion. The rate at which such shares of Common Stock shall be delivered upon conversion shall be initially 2.84 shares of such Common Stock for each share of Series A Preferred Stock, provided, however, that such Conversion Rate shall be subject to adjustment from time to time in certain instances as hereinafter provided. The conversion rate in effect at any time is herein called the "Conversion Rate." The Corporation shall make no payment or adjustment on account of any dividends accrued on the shares of Series A Preferred Stock surrendered for conversion or on account of any dividends accrued on the Common Stock. In case any shares of Series A Preferred Stock are called for redemption, such right of conversion shall cease and terminate, as to the shares designated for redemption, at the close of business on the fifth day, preceding the date fixed for redemption unless default shall be made in the payment of the redemption price. If the last day for the exercise of the conversion right shall be a Sunday, or shall be in the City of New York a legal holiday or a day on which banking institutions are authorized by law to close, then such conversion right may be exercised on the next succeeding day not a Sunday or in said City a legal holiday or a day on which banking institutions are authorized by law to close.

b. Before any shares of Series A Preferred Stock shall be converted, the holder thereof shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Transfer Agent, and shall give written notice to the Corporation at said office that he elects to convert the same or part thereof and shall state in writing therein the name or names which he wishes the certificate or certificates for Common Stock to be issued. The Corporation will, as soon as practicable thereafter, issue and deliver at said office to such holder of shares of Series A Preferred Stock, or to his nominee or nominees, certificates for the number of full shares of such Common Stock to which he shall

be entitled as aforesaid, together with cash in lieu of any fraction of a share as hereinafter provided. Shares of Series A Preferred Stock shall be deemed to have been converted as of the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date.

c. The number of shares of Common Stock and the number of shares of other classes of stock of the Corporation, if any, into which each share of Series A Preferred Stock is convertible shall be subject to adjustment from time to time only as follows:

(i) in case the Corporation shall (a) take a record of the holders of Common Stock for the purpose of determining the holders entitled to receive a dividend declared payable in shares of Common Stock, (b) subdivide the outstanding shares of Common Stock, (c) combine the outstanding shares of Common Stock into a smaller number of shares, or (d) issue by reclassification of the Common Stock any shares of stock of the Corporation, each holder of Series A Preferred Stock shall thereafter be entitled upon the conversion of each share thereof held by him to receive for each such share the number of shares of stock of the Corporation which he would have owned or have been entitled to receive after the happening of that one of the events described above which shall have happened had such share of Series A Preferred Stock been converted immediately prior to the happening of such event, the adjustment to become effective immediately after the opening of business on the day next following (x) the record date or (y) the day upon which such subdivision, combination or reclassification shall become effective.

(ii) in case the Corporation shall issue rights or warrants to all holders of shares of Common Stock entitling them, for a period expiring within 60 days after the record date for the determination of shareholders entitled to receive such rights or warrants, to subscribe for, or purchase shares of, Common Stock at a price per share less than the market value per share of Common Stock (as defined in Subparagraph (iv) below) as of such record date, then in each case the number of shares of Common Stock into which each share of Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share of Series A Preferred Stock was theretofore convertible by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such market value, such adjustment to become effective retroactively immediately after the opening of business on the day following the rights record date.

(iii) In case the Corporation shall take a record of the holders of Common Stock for the purpose of determining the holders entitled to receive any distribution of evidences of its indebtedness or assets

(excluding cash dividends out of assets available for dividends under applicable law) or rights or warrants to subscribe (excluding those referred to in Subparagraph (ii) above), then in each such case the number of shares of Common Stock into which each share of Series A Preferred Stock shall thereafter be convertible shall be determined by multiplying the number of shares of Common Stock into which such share of Series A Preferred Stock was theretofore convertible by a fraction, of which the numerator shall be the market value per share of Common Stock (as defined in Subparagraph (iv) below) on the date of such distribution, and of which the denominator shall be such market value per share of Common Stock less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, applicable to one share of Common Stock. An adjustment made pursuant to this subparagraph shall become effective retroactively immediately after the record date for the determination of shareholders entitled to receive such distribution.

(iv) For purposes of the preceding subparagraphs, the market value of a share of Common Stock on any day shall be deemed to be the average of the daily closing prices per share of Common Stock for the 30 consecutive business days commencing 45 business days before the day in question. The closing price per share of Common Stock for each day shall be the last reported sales price, regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case, on the New York Stock Exchange. The term "business day" as used in this subparagraph means any day on which said Exchange shall be open for trading.

d. Anything in this Subsection 4 to the contrary notwithstanding, the Corporation shall not be required to give effect to any adjustment in the Conversion Rate unless and until the net effect of one or more adjustments, determined as above provided, shall have resulted in a change of the Conversion Rate by at least 1/100 of a share of Common Stock, and when the cumulative net effect of more than one adjustment so determined shall be to change the Conversion Rate by at least 1/100 of a share of Common Stock, such change in the Conversion Rate shall thereupon be given effect. Any adjustments which by reason of this paragraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

e. In case of the consolidation or merger of the Corporation with or into another corporation or the conveyance of all or substantially all of the assets of the Corporation to another corporation, each share of Series A Preferred Stock, or the stock of the resulting corporation issued in exchange therefor, shall thereafter be convertible into the kind and number of shares of stock or other securities or property receivable upon such consolidation, merger or conveyance by a holder of the number of shares of Common Stock into which such share of Series A Preferred Stock might have been converted immediately prior to such consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interests

thereafter of the holders of such Series A Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in, and other adjustments of, the Conversion Rate) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the shares of such series.

f. Whenever the Conversion Rate is adjusted as herein provided, the Treasurer of the Corporation shall compute the adjusted Conversion Rate in accordance with the provisions of this Subsection 4 and shall prepare a certificate setting forth such new Conversion Rate and describing in reasonable detail the facts upon which such adjustment is based. Such certificate shall forthwith be filed with the Transfer Agent for the Series A Preferred Stock and a notice thereof mailed to the holders of record of the outstanding shares of such series.

g. The Corporation shall at all times reserve and keep available, out of its authorized but unissued Common Stock or out of shares of Common Stock held in its treasury, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all shares of Series A Preferred Stock from time to time outstanding.

h. No fractional shares of Common Stock are to be issued upon conversion, but the Corporation shall pay a cash adjustment in respect of any fraction of a share which would otherwise be issuable in an amount equal to the same fraction of the market price (determined as provided in this Paragraph (h)) per share of Common Stock on the day of conversion. For the purpose of this Paragraph (h), such market price shall be the last reported sales price, regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case on the New York Stock Exchange.

i. The Corporation will pay any and all documentary and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of shares of Series A Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

j. For the purposes of this Subsection 4, the term "Common Stock" shall mean (i) \$.01 par value Common Stock of the Corporation existing as of the Effective Date, or (ii) any other class of stock resulting from successive changes or reclassifications of such \$.01 par value Common Stock consisting of changes solely in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to Subparagraph D (4) (c) (i) of this Article FOURTH, the holder of any share of Series A Preferred

Stock thereafter surrendered for conversion shall become entitled to receive any shares of the Corporation other than shares of its Common Stock, thereafter the number of such other shares so receivable upon conversion of any share of Series A Preferred Stock shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock set forth above, and the provisions of this Subsection 4 with respect to the Common Stock shall apply on like terms to any such other shares.

5. Redemption. Shares of Series A Preferred Stock shall be subject to redemption at the election of the Corporation at the redemption price of \$45.00 per share of such stock, plus an amount equal to all unpaid dividends thereon accrued to the date of redemption.

Notice of any such redemption shall be given by mailing to the holders of Series A Preferred Stock a notice of such redemption, first class postage prepaid, not later than the 30th day and not earlier than the 60th day before the date fixed for redemption, at their last address as they shall appear upon the books of the Corporation. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the shareholder received such notice, and failure duly to give such notice by mail, or any defect in such notice, to any holder of Series A Preferred Stock shall not affect the validity of the proceedings for the redemption of such Series A Preferred Stock. If less than all of the outstanding shares of Series A Preferred Stock are to be redeemed, the redemption shall be made by lot as determined by the Board of Directors.

The notice of redemption to each holder of Series A Preferred Stock shall specify (a) the number of shares of Series A Preferred Stock of such holder to be redeemed, (b) the date fixed for redemption, (c) the redemption price, (d) the place of payment of the redemption price, (e) the conversion price then in effect, (f) the number of shares of Common Stock into which each share of Series A Preferred Stock is then convertible, and (g) the date on which the right to convert such shares shall cease and terminate.

If any such notice of redemption shall have been duly given or if the Corporation shall have given to the bank or trust company, hereinafter referred to, irrevocable written authorization promptly to give or complete such notice, and if on or before the redemption date specified therein the funds necessary for such redemption shall have been deposited by the Corporation with the bank or trust company designated in such notice, doing business in the Borough of Manhattan, the City of New York, State of New York, and having a capital, surplus and undivided profits aggregating at least \$25,000,000 according to its last published statement of condition, in trust for the benefit of the holders of shares of Series A Preferred Stock called for redemption, then, notwithstanding that any certificate for such shares so called for redemption shall not have been surrendered for cancellation, from and after the time of such deposit all such shares called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith cease and terminate, except the right of the holders thereof to receive from such bank or trust company at any time after the time of such deposit the funds so deposited, without interest, and the right to exercise, up to the close of business on the fifth day before the date fixed for redemption, all privileges of conversion or exchange if any. In case

less than all the shares represented by any surrendered certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be repaid to the Corporation, after which the holders of shares of Series A Preferred Stock called for redemption shall look only to the Corporation for payment thereof; provided that any funds so deposited which shall not be required for redemption because of the exercise of any privilege of conversion or exchange subsequent to the date of deposit shall be repaid to the Corporation forthwith.

If, and so long as, all cumulative dividends on the outstanding shares of Series A Preferred Stock for all past dividend periods shall not have been paid or declared and a sum sufficient for the payment thereof set apart, the Corporation shall not redeem less than all of the Series A Preferred Stock at the time outstanding, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for value (except solely by conversion into, or exchange for, Common Stock) any outstanding shares of Series A Preferred Stock unless such purchase or other acquisition shall be pursuant to tenders, notice of which has been mailed to all the holders of record of shares of Series A Preferred Stock at their respective addresses as the same shall appear on the books of the Corporation at least 20 days before the date fixed for tenders, and the shares so purchased or otherwise acquired shall be those tendered at the lowest prices pursuant to such call for tenders; provided, however, that if some, but less than all, of the shares tendered at a particular price are to be purchased or otherwise acquired pursuant to such call for tenders, the number of shares to be purchased or acquired from each holder who has tendered shares at such price shall be in the proportion to the total number of shares so to be purchased or acquired at such price which the number of shares he has so tendered at such price bears to the total number of shares tendered at such price.

If, and so long as, all cumulative dividends on all outstanding shares of Series A Preferred Stock for all past dividend periods shall not have been paid, or declared and a sum sufficient for the payment thereof set apart, the Corporation shall not redeem any shares of Preferred Stock of any other series at the time outstanding, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for any consideration (except solely by conversion into, or exchange for, Common Stock) any shares of Preferred Stock of any other series at the time outstanding, unless all of the Series A Preferred Stock at the time outstanding shall have been called for redemption as herein provided.

6. Liquidation, Dissolution or Winding Up.

a. In the event of any liquidation, dissolution, or winding up of the affairs of the Corporation, the holders of shares of A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation before any distribution or payment shall be made to the holders of Common Stock or any stock ranking junior to the Series A Preferred Stock, an amount equal to \$45.00 per share, plus any accrued dividends to the date that payment is made available to such holders.

b. If, upon any liquidation, dissolution or winding up of the affairs of the Corporation, the assets available for distribution shall be insufficient

to pay the holders of all shares of Series A Preferred Stock then outstanding and the holders of all shares of Preferred Stock of any other series then outstanding the full amounts to which they respectively shall be entitled, the holders of shares of Series A Preferred Stock and the holders of shares of Preferred Stock of such other series shall share ratably in any such distribution of assets in accordance with the amounts which would be payable if all such amounts were paid in full. Neither the consolidation or merger of the Corporation with or into any other corporation, nor any sale, lease or conveyance of all or any part of the property or business of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this Paragraph (b).

7. Reacquired Shares. Shares of Series A Preferred Stock which have been issued and reacquired in any manner (excluding, until the Corporation elects to retire them, shares which are held as treasury shares, but including shares redeemed, shares purchased and retired and shares which have been converted into shares of Common Stock) shall (upon compliance with any applicable provisions of the laws of the State of New York) have the status of authorized and unissued shares of the class of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of the Preferred Stock other than the series designated as Series A Preferred Stock.

8. Preemptive and Other Rights. The shares of the Series A Preferred Stock shall not have any relative, participating, optional, preemptive or other special rights and powers other than as set forth in this Certificate of Incorporation.

E. There is hereby established a series of the Corporation's authorized shares of Preferred Stock of the par value of \$1.00 each, and the authorized number of shares of that series, the designation, relative rights, preferences, and limitations thereof are as follows:

1. Designation and Amount. The shares of such series shall be designated as "Series B Participating Preferred Stock" and the number of shares constituting such series shall be 1,000,000. Such number may, from time to time, be increased or decreased (but not decreased below the number of shares of the series then outstanding) by the Board of Directors.

2. Dividends and Distributions.

a. The holders of shares of Series B Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September, and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) \$5.00 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or

otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Participating Preferred Stock. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series B Participating Preferred Stock were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

b. The Corporation shall declare a dividend or distribution on the Series B Participating Preferred Stock as provided in Paragraph (a) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$5.00 per share on the Series B Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

c. Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series B Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 45 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of shares of Series B Participating Preferred Stock shall have the following voting rights:

a. Subject to the provision for adjustment hereinafter set forth, each share of Series B Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time (i) declare any dividend on Common Stock payable in shares of

Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series B Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

b. Except as otherwise provided herein or by law, the holders of shares of Series B Participating Preferred Stock and the holders of shares of Common Stock shall vote together, as one class, on all matters submitted to a vote of shareholders of the Corporation.

c. (i) If at any time dividends on any Series B Participating Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series B Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of shares of Series B Participating Preferred Stock, voting, as a class, with the holders of other series of Preferred Stock (other than the Series A Preferred Stock) so entitled to vote by its terms, shall have the right to elect two additional directors of the Corporation until all accrued dividends have been paid, for terms of office expiring on the date of the annual meeting. In the event that the shares of Series B Participating Preferred Stock shall become entitled to elect two additional directors of the Corporation, a meeting of the holders of shares of Series B Participating Preferred Stock and other series of Preferred Stock so entitled to vote for the election of such directors shall be held at the request in writing of the holders of 10 percent of the outstanding shares of Preferred Stock so entitled to vote, addressed to the Secretary of the Corporation, as soon as practicable after the receipt of such request and after notice similar to that provided in the By-laws for an annual meeting.

(ii) Immediately upon the expiration of a default period, (a) the right of the holders of shares of Series B Participating Preferred Stock, voting together with any other series of Preferred Stock so entitled to vote, to elect directors shall cease, (b) the term of any directors elected by the holders of shares of Series B Participating Preferred Stock, voting together with any other series of Preferred Stock so entitled to vote, shall terminate, and (c) the number of directors shall be such number as may be provided for in the Certificate of Incorporation or By-laws irrespective of any increase made pursuant to the provisions of Paragraph (c)(i) of this Subsection 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Certificate of Incorporation or By-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (b) and (c) in the preceding sentence may be filled by a majority of the remaining directors.

d. Except as set forth herein, holders of shares of Series B Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of shares of Common Stock as set forth herein) for taking any corporate action.

4. Certain Restrictions. If, and so long as, all cumulative dividends on all outstanding shares of Series B Participating Preferred Stock for all past dividend periods shall not have been paid, or declared and a sum sufficient for the payment thereof set apart, the Corporation shall not redeem any shares of Preferred Stock of any other series at the time outstanding, and neither the Corporation nor any subsidiary shall purchase or otherwise acquire for any consideration (except solely by conversion into, or exchange for, Common Stock) any shares of Preferred Stock of any other series at the time outstanding, unless all of the Series B Participating Preferred Stock at the time outstanding shall have been called for redemption as herein provided.

5. Reacquired Shares. Any shares of Series B Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall, upon their cancellation (and upon compliance with any applicable provisions of the laws of the State of New York), become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

6. Liquidation, Dissolution or Winding Up.

a. Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Participating Preferred Stock unless, prior thereto, the holders of shares of Series B Participating Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series B Liquidation Preference"). Following the payment of the full amount of the Series B Liquidation Preference, no additional distributions shall be made to the holders of shares of Series B Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series B Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in Paragraph (c) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series B Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series B Participating Preferred Stock and Common Stock, respectively, holders of shares of Series B Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the

ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

b. In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series B Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of shares of Common Stock.

c. In the event the Corporation shall at any time (i) declare any dividends on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

7. Consolidation, Merger. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for, or changed into, other stock or securities, cash and/or any other property, then in any such case the shares of Series B Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which, or for which, each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series B Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. Optional Redemption.

a. The Corporation shall have the option to redeem the whole or any part of the Series B Participating Preferred Stock at any time at a redemption price equal to, subject to the provision for adjustment hereinafter set forth, 100 times the "current per share market price" of the Common Stock on the date of the mailing of the notice of redemption, together with unpaid accumulated dividends to the date of such redemption. In the event the Corporation shall at any time

(i) declare any dividend on Common Stock payable in shares of Common Stock, or (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series B Participating Preferred Stock were otherwise entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event. The "current per share market price" on any date shall be deemed to be the average of the closing price per share of Common Stock for the 10 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use or, if on any such date the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors. If on such date no such market maker is making a market in the Common Stock, the fair value of the Common Stock on such date as determined in good faith by the Board of Directors shall be used. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange, a Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in the State of New York are not authorized or obligated by law or executive order to close.

b. Notice of any such redemption shall be given by mailing to the holders of shares of Series B Participating Preferred Stock a notice of such redemption, first class postage prepaid, not later than the 30th day and not earlier than the 60th day before the date fixed for redemption, at their last address as they shall appear upon the books of the Corporation. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the shareholder received such notice, and failure duly to give such notice by mail, or any defect in such notice, to any holder of shares of Series B Participating Preferred Stock shall not affect the validity of the proceedings for the redemption of such Series B Participating Preferred Stock. If less than all of the outstanding shares of Series B Participating Preferred Stock are to be redeemed, the redemption shall be made by lot as determined by the Board of Directors.

c. The notice of redemption to each holder of shares of Series B

Participating Preferred Stock shall specify (i) the number of shares of Series B Participating Preferred Stock of such holder to be redeemed, (ii) the date fixed for redemption, (iii) the redemption price and, (iv) the place of payment of the redemption price.

d. If any such notice of redemption shall have been duly given or if the Corporation shall have given to the bank or trust company, hereinafter referred to, irrevocable written authorization promptly to give or complete such notice, and if on or before the redemption date specified therein the funds necessary for such redemption shall have been deposited by the Corporation with the bank or trust company designated in such notice, doing business in the Borough of Manhattan, the City of New York, State of New York, and having a capital, surplus and undivided profits aggregating at least \$25,000,000 according to its last published statement of condition, in trust for the benefit of the holders of shares of Series B Participating Preferred Stock called for redemption, then, notwithstanding that any certificate for such shares so called for redemption shall not have been surrendered for cancellation, from and after the time of such deposit all such shares called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith cease and terminate, except the right of the holders thereof to receive from such bank or trust company at an time after the time of such deposit the funds so deposited, without interest, and the right to exercise, up to the close of business on the fifth day before the date fixed for redemption, all privileges of conversion or exchange, if any. In case less than all the shares represented by any surrendered certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be repaid to the Corporation, after which the holders of shares of Series B Participating Preferred Stock called for redemption shall look only to the Corporation for payment thereof; provided, that any funds so deposited which shall not be required for redemption because of the exercise of any privilege of conversion or exchange subsequent to the date of deposit shall be repaid to the Corporation forthwith.

9. Amendment. So long as any shares of Series B Participating Preferred Stock are outstanding, this Certificate of Incorporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series B Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series B Participating Preferred Stock, voting separately as a class.

10. Fractional Shares. Series B Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of shares of Series B Participating Preferred Stock.

FIFTH. - The Secretary of State is designated as agent of the Corporation upon whom process against it may be served, and the post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is:

Woolworth Corporation
Woolworth Building
233 Broadway
New York, New York 10279-0001
Attention: Secretary

SIXTH. - Subject always to the By-laws adopted by the shareholders, the Board of Directors may amend or repeal any By-law or adopt any new By-law; but any By-law adopted by the Board of Directors may be amended or repealed by the shareholders at any annual meeting or at any special meeting, provided notice of the proposed amendment or repeal be included in the notice of any such special meeting.

SEVENTH. -- The business and affairs of the Corporation shall be managed by, or under the direction of, a Board of Directors consisting of not less than 3 or more than 19 directors, the exact number of directors to be determined from time to time by resolution adopted by a majority of the Board of Directors. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors.

If the number of directors is changed, any increase or decrease shall be apportioned among the classes of directors so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director. When the number of directors is increased by the Board of Directors and any newly created directorships are filled by the Board, there shall be no classification of the additional directors until the next annual meeting of shareholders.

A director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Newly created directorships resulting from an increase in the number of directors and any vacancy on the Board of Directors may be filled by a vote of the Board of Directors. If the number of directors then in office is less than a quorum, such newly created directorships and vacancies may be filled by a majority of the directors then in office. A director elected by the Board of Directors to fill a vacancy shall hold office until the next meeting of shareholders called for the election of directors and until his or her successor shall be elected and shall qualify. A director or the entire Board of Directors may be removed only for cause.

Notwithstanding the foregoing, whenever the holders of shares of any one or more classes or series of stock (other than Common Stock) issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate of Incorporation applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article SEVENTH unless expressly provided by such terms.

EIGHTH. - A. In addition to any affirmative vote required by law, this Certificate of Incorporation, the By-laws, or otherwise, and except as otherwise

expressly provided in Sections B or C of this Article EIGHTH, a Business Transaction or a Stock Repurchase with, or proposed by or on behalf of, an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder, or a person who thereafter would be an Affiliate or Associate of an Interested Shareholder, shall require the affirmative vote of not less than a majority of the votes entitled to be cast by the holders of all the then outstanding shares of Voting Stock, voting together as a single class, excluding Voting Stock beneficially owned by such Interested Shareholder. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be required, by law, any other provision of this Certificate of Incorporation, the By-laws, or otherwise.

B. The provisions of Section A of this Article EIGHTH shall not be applicable to any particular Business Transaction, and such Business Transaction shall require only such affirmative vote, if any, as is required by law, any other provision of this Certificate of Incorporation or the By-laws, or otherwise, if the Business Transaction shall have been approved, either specifically or as a transaction which is within an approved category of transactions, by the Board of Directors at a time when the Disinterested Directors constitute a majority of the entire Board of Directors (irrespective of whether such approval is made prior to, or subsequent to, the acquisition of, or announcement or public disclosure of the intention to acquire, beneficial ownership of the Voting Stock that caused the Interested Shareholder to become an Interested Shareholder).

C. The provisions of Section A of this Article EIGHTH shall not be applicable to any particular Stock Repurchase with, or proposed by or on behalf of, an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder, and such Stock Repurchase shall require only such affirmative vote, if any, as is required by law, any other provision of this Certificate of Incorporation, the Bylaws, or otherwise, if the conditions specified in either of the following Subsections 1 or 2 are met:

1. The Stock Repurchase is made pursuant to a tender offer or exchange offer for a class of Capital Stock made available on the same basis to all holders of shares of such class of Capital Stock.
2. The Stock Repurchase is made pursuant to an open market purchase program approved by the Board of Directors at a time when Disinterested Directors constitute a majority of the entire Board of Directors, provided that such repurchase is effected on the open market and is not the result of a privately negotiated transaction.

D. The following definitions shall apply with respect to this Article EIGHTH:

1. The term "Business Transaction" shall mean:

- a. Any merger or consolidation of the Corporation or any Subsidiary with (i) any Interested Shareholder or (ii) any other company (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate or Associate of an Interested Shareholder; or

b. Other than a Stock Repurchase, any sale, lease, exchange, mortgage, pledge, transfer or other disposition or security arrangement, investment, loan, advance, guarantee, agreement to purchase, agreement to pay, extension of credit, joint venture participation or other arrangement (in one transaction or a series of transactions) with, or for the benefit of, any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder, involving any assets, securities or commitments of the Corporation, any Subsidiary or any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder which, together with all other such arrangements (including all contemplated future events), has an aggregate Fair Market Value and/or involves aggregate commitments of \$10,000,000 or more, or constitutes more than 5 percent of the book value of the total assets (in the case of transactions involving assets or commitments other than in capital stock), or 5 percent of the stockholders' equity (in the case of transactions in capital stock) of the entity in question (the "Substantial Part"), as reflected in the most recent fiscal year-end consolidated balance sheet of such entity existing at the time the shareholders of the Corporation would be required to approve or authorize the Business Transaction involving the assets, securities and/or commitments constituting any Substantial Part; provided, however, that the term "Business Transaction" shall include, without regard to the value tests set forth above, any arrangement, whether as employee, consultant, or otherwise, other than as a director, pursuant to which any Interested Shareholder or any Affiliate or Associate thereof shall, directly or indirectly, have any control over, or responsibility for, the management of any aspect of the business or affairs of the Corporation; or

c. The adoption of any plan or proposal for the liquidation or dissolution of the Corporation or for any amendment to the By-laws; or

d. Any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with, or otherwise involving, an Interested Shareholder) that has the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by any Interested Shareholder; or

e. Any tender offer or exchange offer made by the Corporation for shares of Capital Stock which may have the effect of increasing an Interested Shareholder's beneficial ownership percentage so that following the completion of the tender offer or exchange offer the Interested Shareholder's beneficial ownership percentage of the outstanding Voting Stock may exceed 110 percent of the interested Shareholder's beneficial ownership percentage immediately, prior to the commencement of such tender offer or exchange offer; or

f. Any agreement, contract, or other arrangement providing for any one or more of the actions specified in the foregoing Paragraphs (a) through (e).

2. The term "Stock Repurchase" shall mean any repurchase by the Corporation or any Subsidiary of any shares of Capital Stock, at a price greater than the then Fair Market Value of such shares, from an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder if beneficial ownership of any shares of Capital Stock beneficially owned by such Interested Shareholder were acquired (disregarding shares acquired as part of a pro rata stock dividend or stock split) within a period of less than two years prior to the date of such repurchase (or an agreement in respect thereof).

3. The term "Capital Stock" shall mean all capital stock of the Corporation authorized to be issued from time to time under Article FOURTH of this Certificate of Incorporation; and the term "Voting Stock" shall mean all Capital Stock which, by its terms, may be voted on all matters submitted to shareholders of the Corporation generally.

4. The term "person" shall mean any individual, firm, corporation, or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement, or understanding, directly or indirectly, for the purpose of acquiring, holding, voting, or disposing of Capital Stock.

5. The term "Interested Shareholder" shall mean any person (other than the Corporation or any Subsidiary and other than any profit-sharing, employee stock ownership, or other employee benefit plan of the Corporation or any Subsidiary, or any trustee of, or fiduciary with respect to, any such plan when acting in such capacity), who (a) is, or has announced or publicly disclosed a plan or intention to become, the beneficial owner of Voting Stock representing 5 percent or more of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock; or (b) is an Affiliate or Associate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of Voting Stock representing 5 percent or more of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock.

6. A person shall be a "beneficial owner" of any Capital Stock (a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; (b) which such person or any of its Affiliates or Associates has, directly or indirectly, (i) the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, exchange rights, warrants, or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement, or understanding; or (c) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of any shares of Capital Stock. For the purposes of determining whether a person is an Interested Shareholder pursuant to Subsection 5 of this Section D, the number of shares of Capital Stock deemed to be outstanding shall include shares deemed beneficially owned by such person through

application of this Subsection 6, but shall not include any other shares of Capital Stock that may be issuable pursuant to any agreement, arrangement, or understanding, or upon exercise of conversion rights, warrants, or options, or otherwise.

7. The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Securities Exchange Act of 1934 as in effect on March 1, 1989 (the term "registrant" in said Rule 12b-2 meaning in this case the Corporation) (the "Act").

8. The term "Subsidiary" means any company of which a majority of any class of equity security is beneficially owned by the Corporation; provided, however, that for the purposes of the definition of Interested Shareholder set forth in Subsection 5 of this Section D, the term "Subsidiary," shall mean only a company of which a majority of each class of equity security is beneficially owned by the Corporation.

9. The term "Disinterested Director" means any member of the Board of Directors (the "Board"), while such person is a member of the Board, who is not an Affiliate or Associate or representative of the Interested Shareholder and was a member of the Board prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Disinterested Director, while such successor is a member of the Board, who is not an Affiliate or Associate or representative of the Interested Shareholder and is recommended or elected to succeed the Disinterested Director by a majority of the Disinterested Directors then on the Board.

10. The term "Fair Market Value" means (a) in the case of cash, the amount of such cash; (b) in the case of stock, the closing sale price, on the trading day immediately preceding the date in question, of a share of such stock on the Composite Tape for New York Stock Exchange listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Act on which such stock is listed, or, if such stock is not listed on any such exchange, the closing bid quotation with respect to a share of such stock on the trading day immediately preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any similar system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined in good faith by the Board of Directors; and (c) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined in good faith by the Board of Directors.

E. The Board of Directors shall have the power and duty to determine in good faith for the purposes of this Article EIGHTH, on the basis of information known to them after reasonable inquiry, all questions arising under this Article EIGHTH, including without limitation, (1) whether a person is an Interested Shareholder, (2) the number of shares of Capital Stock or other securities beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another, (4) whether the consideration to be received in any Stock Repurchase by the Corporation or any Subsidiary exceeds the then Fair Market Value of the shares of Capital Stock being repurchased, (5) whether the assets

that are the subject of any Business Transaction have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Transaction has, an aggregate Fair Market Value of \$10,000,000 or more, and (6) whether the assets or securities that are the subject of any Business Transaction constitute a Substantial Part. Any such determination made in good faith shall be binding and conclusive on all parties.

F. Nothing contained in this Article EIGHTH shall be construed to relieve any Interested Shareholder from any, fiduciary obligation imposed by law.

G. For the purposes of this Article EIGHTH, a Business Transaction, a Stock Repurchase, or any proposal to amend, repeal, or adopt any provision of this Certificate of Incorporation inconsistent with this Article EIGHTH (collectively, "Proposed Action") is presumed to have been proposed by, or on behalf of, an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder or a person who thereafter would become such if (1) after the Interested Shareholder became such, the Proposed Action is proposed following the election of any director of the Corporation who, with respect to such Interested Shareholder, would not qualify, to serve as a Disinterested Director, or (2) such Interested Shareholder, Affiliate, Associate, or person votes for, or consents to, the adoption of any such Proposed Action, unless as to such Interested Shareholder, Affiliate, Associate, or person the Board of Directors, at a time when Disinterested Directors constitute a majority of the entire Board of directors, makes a good faith determination that such Proposed Action is not proposed by, or on behalf of, such Interested Shareholder, Affiliate, Associate, or person, based on information known to the Board of Directors after reasonable inquiry.

H. Notwithstanding any other provisions of this Certificate of Incorporation or the By-laws (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, this Certificate of Incorporation, or the By-laws), and in addition to any other vote required by law or otherwise, any proposal to amend, repeal, or adopt any provision of this Certificate of Incorporation inconsistent with this Article EIGHTH, which is proposed by, or on behalf of, an Interested Shareholder or an Affiliate or Associate of an Interested Shareholder, shall require the affirmative vote of the holders of not less than a majority of the votes entitled to be cast by the holders of all the then outstanding shares of Voting Stock, voting together as a single class, excluding Voting Stock beneficially owned by such Interested Shareholder; provided, however, that this Section H shall not apply to, and such a majority vote shall not be required for, any amendment, repeal, or adoption which does not affect the provisions of this Article EIGHTH relating to Stock Repurchases and which is recommended by the Board of Directors at a time when Disinterested Directors constitute a majority of the entire Board of Directors.

NINTH. - The Board of Directors shall have power, by resolution adopted by a majority of the entire Board, to designate from among its members an executive committee and other committees, each consisting of three or more directors, and each of which, to the extent provided in the resolution or in the By-laws, shall have all the authority of the Board, except as otherwise provided in the Business Corporation Law.

TENTH. - The Corporation shall, to the fullest extent now or hereafter

authorized or permitted by applicable law, indemnify any person who is or was made, or threatened to be made, a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged misstatement, misleading statement or other act or omission and whether brought or threatened in any court or administrative or legislative body or agency, including an action by, or in the right of, the Corporation to procure a judgment in its favor and an action by, or in the right of, any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation is serving, has served or has agreed to serve in any capacity at the request of the Corporation, by reason of the fact that he, his testator or intestate, is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid or to be paid in settlement, and expenses (including attorneys' fees, costs and charges) incurred as a result of such action, suit or proceeding, or appeal therein. The Corporation may indemnify any person (including a person entitled to indemnification pursuant to the previous sentence) to whom the Corporation is permitted to provide indemnification or the advancement of expenses to the fullest extent now or hereafter permitted by applicable law, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law, or any other law, or other rights created by (A) a resolution of shareholders, (B) a resolution of directors, or (C) an agreement providing for such indemnification, it being expressly intended that this Article TENTH authorizes the creation of other rights in any such manner. The rights to indemnification set forth in this Article TENTH shall not be exclusive of any other rights to which any person may now or hereafter be entitled under any statute, provision of this Certificate of Incorporation, By-law, agreement, contract, resolution, vote of shareholders or otherwise.

ELEVENTH. - No director shall be personally liable to the Corporation or any of its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability if a judgment or other final adjudication adverse to such director establishes that such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled or that such director's acts violated Section 719 of the New York Business Corporation Law. Any repeal or modification of this Article ELEVENTH by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

IN WITNESS WHEREOF, I have made, subscribed and acknowledged this Certificate of Incorporation this 5th day of April 1989.

/s/ William B. Thomson

William B. Thomson
Woolworth Building
233 Broadway
New York, New York 10279-0001

STATE OF NEW YORK)
)SS.:
COUNTY OF NEW YORK)

On this 5th day of April 1989, personally appeared before me, William B. Thomson, to me known, and known to me to be the same person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

/s/ Phyllis Slavin

Notary Public

PHYLLIS SLAVIN
Notary Public, State of New York
No. 24-4910527
Qualified in Kings County
Certificate Filed in New York County
Commission Expires Nov. 9, 1989

[AS FILED BY THE DEPARTMENT OF STATE OF THE STATE OF NEW YORK ON JULY 9, 1997.]

CERTIFICATE OF AMENDMENT
of the
CERTIFICATE OF INCORPORATION
of
WOOLWORTH CORPORATION

Under Section 805 of the Business Corporation Law

We, the undersigned, Gary M. Bahler and Sheilagh M. Clarke, being, respectively, the Vice President and Secretary and the Assistant Secretary of Woolworth Corporation, a corporation organized under the laws of the State of New York (the "Corporation"), do hereby state and certify that:

1. The name of the Corporation is Woolworth Corporation.

2. The Certificate of Incorporation of the Corporation was filed by the Department of State on April 7, 1989.

3. The Certificate of Incorporation is hereby amended, as authorized by Section 801 of the Business Corporation Law of the State of New York, to eliminate the provision (in Article SEVENTH of such Certificate of Incorporation) stating a minimum and maximum number of directors. To effect such amendment, the first sentence of Article SEVENTH of the Certificate of Incorporation is hereby amended to read, in its entirety, as follows:

"SEVENTH -- The business and affairs of the Corporation shall be managed by, or under the direction of, a Board of Directors."

4. The amendment of the Certificate of Incorporation set forth above was authorized by vote of the Board of Directors at a meeting duly called and held on March 12, 1997, a quorum being present, followed by the required vote of the holders of a majority of all outstanding shares of the Corporation entitled to vote thereon at the annual meeting of shareholders of the Corporation which was duly called and held on June 12, 1997, a quorum being present.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate of Amendment of the Certificate of Incorporation of the Corporation and do affirm the foregoing as true under the penalties of perjury this 7th day of July 1997.

/s/ Gary M. Bahler

Gary M. Bahler
Vice President and Secretary

/s/ Sheilagh M. Clarke

Sheilagh M. Clarke
Assistant Secretary

[AS FILED BY THE DEPARTMENT OF STATE OF THE STATE OF NEW YORK ON JULY 24, 1990]

CERTIFICATE OF AMENDMENT
of the
CERTIFICATE OF INCORPORATION
of
WOOLWORTH CORPORATION

Under Section 805 of the Business Corporation Law

We, the undersigned, Harold E. Sells and Gary M. Bahler, being, respectively, the Chairman of the Board and Chief Executive Officer and the Secretary of Woolworth Corporation, a corporation organized under the laws of the State of New York, do hereby state and certify that:

1. The name of the corporation is Woolworth Corporation (hereinafter called the "Company").

2. The Certificate of Incorporation of the Corporation was filed by the Department of State on April 7, 1989.

3. The Certificate of Incorporation is hereby amended, as authorized by Section 801 of the Business Corporation Law of the State of New York, to increase the number of authorized shares of the Company's Common Stock, of the par value of \$.01 per share, from 250,000,000 shares to 500,000,000 shares. To effect such amendment, the first sentence of Article Fourth of the Certificate of Incorporation is hereby amended to read, in its entirety, as follows:

"FOURTH. - A. The aggregate number of shares which the Company has authority to issue is 507,000,000 shares, consisting of:

1. 500,000,000 shares of Common Stock of the par value of \$.01 each; and

2. 7,000,000 shares of Preferred Stock of the par value of \$1.00 each."

4. The amendment of the Certificate of Incorporation of the Company set forth above was authorized by vote of the board of directors at a meeting duly called and held on March 14, 1990, a quorum being present, followed by the required vote of the holders of a majority of all outstanding shares of the Company entitled to vote thereon at the annual meeting of shareholders of the Company which was duly called and held on June 21, 1990, a quorum being present.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate of Amendment of the Certificate of Incorporation of the Corporation and do affirm the foregoing as true under the penalties of perjury this 19th day of July 1990.

/s/ Gary M. Bahler

Gary M. Bahler
Secretary

/s/ Harold E. Sells

Harold E. Sells
Chairman of the Board and
Chief Executive Officer

[AS FILED BY THE DEPARTMENT OF STATE OF
THE STATE OF NEW YORK ON JULY 20, 1989]

CERTIFICATE OF AMENDMENT
of the
CERTIFICATE OF INCORPORATION
of
WOOLWORTH CORPORATION

Under Section 805 of the
Business Corporation Law

We, the undersigned, Harold E. Sells and William B. Thomson, being, respectively, the Chairman of the Board and Chief Executive Officer and the Secretary of Woolworth Corporation, a corporation organized under the laws of the State of New York (herein called the "Corporation"), do hereby state and certify that:

1. The name of the corporation is Woolworth Corporation.

2. The Certificate of Incorporation of the Corporation was filed by the Department of State on April 7, 1989.

3. The Certificate of Incorporation is hereby amended, as authorized by Section 801 of the Business Corporation Law of the State of New York, to change (in Article SEVENTH of such Certificate of Incorporation) the number of directors constituting the entire Board of Directors from not less than 3 or more than 19 directors to not less than 11 or more than 19 directors. To effect such amendment, the first sentence of Article SEVENTH of the Certificate of Incorporation is hereby amended to read, in its entirety, as follows:

"SEVENTH -- The business and affairs of the Corporation shall be managed by, or under the direction of, a Board of Directors consisting of not less than 11 or more than 19 directors, the exact number of directors to be determined from time to time by resolution adopted by a majority of the Board of Directors."

4. The amendment of the Certificate of Incorporation set forth above was duly authorized, on and as of June 26, 1989, by the unanimous written consent of all of the directors of the Corporation, followed by the unanimous written consent of the holders of all outstanding shares of the Corporation entitled to vote on such amendment.

IN WITNESS WHEREOF, we have made and subscribed this Certificate of Amendment of the Certificate of Incorporation this 14th day of July 1989.

/s/ William B. Thomson

/s/ Harold E. Sells

William B. Thomson
Secretary

Harold E. Sells
Chairman of the Board and
Chief Executive Officer

BY-LAWS
of
WOOLWORTH CORPORATION

As of June 12, 1997

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BY-LAWS
OF
WOOLWORTH CORPORATION

ARTICLE I
MEETINGS OF SHAREHOLDERS

SECTION 1. Any meeting of the shareholders may be held at such place within or without the United States, and at such hour, as shall be fixed by the Board of Directors and stated in the notice of meeting, or, if not so fixed, at the office of the Corporation in the State of New York at 10:00 A.M.

SECTION 2. The annual meeting of shareholders shall be held on such day and at such time as may be fixed by the Board of Directors, for the election of directors and the transaction of other business.

SECTION 3. A special meeting of the shareholders may be held whenever called in writing by the Secretary upon the direction of the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board, the President and Chief Operating Officer or a majority of the entire Board of Directors. At any such special meeting only such business may be transacted which is related to the purpose or purposes set forth in the notice required by Section 5 of Article I.

A special meeting may be cancelled by resolution of the Board of Directors.

SECTION 4. For the purpose of determining the shareholders entitled to notice of, or to vote at, any meeting of shareholders or any adjournment thereof, the Board of Directors may fix, in advance, a date as the record date for such determination of shareholders. Such date shall not be more than 50 nor less than 10 days before the date of such meeting. When a determination of shareholders of record entitled to notice of, or to vote at, any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date for the adjourned meeting.

SECTION 5. Written notice shall state the place, date and hour of any meeting of shareholders and, unless it is the annual meeting, shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. Notice of a special meeting shall also state the purpose or purposes for which the meeting is

called. If, at any meeting, action is proposed to be taken which would, if taken, entitle shareholders to demand payment for their shares, the notice of such meeting shall include a statement of that purpose and to that effect. A copy of the notice of any meeting shall be given, personally or by mail, not more than 50 nor less than 10 days before the date of the meeting, to each shareholder entitled to vote at such meeting. If mailed, such notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the shareholder at his or her address as it appears on the record of shareholders, or, if he or she shall have filed with the Secretary a written request that notices be mailed to some other address, then such notice shall be directed to him or her at such other address. An affidavit of the Secretary or other person giving the notice or of a transfer agent of the Corporation that the notice required by this section has been given shall, in the absence of fraud, be prima facie evidence of the facts therein stated.

When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. However, if after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date.

SECTION 6. A list of shareholders as of the record date, certified by the officer of the Corporation responsible for its preparation or by a transfer agent of the Corporation, shall be produced at any meeting of shareholders upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

SECTION 7. The holders of a majority of the shares entitled to vote thereat shall constitute a quorum at a meeting of shareholders for the transaction of any business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholder. The shareholders present may adjourn the meeting despite the absence of a quorum.

SECTION 8. Every shareholder entitled to vote at a meeting of shareholders may authorize another person or persons to act for him or her by proxy. Every proxy must be signed by the shareholder or his or her attorney-in-fact. No proxy shall be valid after the expiration of 11 months from the date thereof, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided by the New York Business Corporation Law.

SECTION 9. At all meetings of shareholders the Chairman of the Board and Chief Executive Officer shall preside; and in his or her absence a Vice Chairman of the Board, the President and Chief Operating Officer or such other officer or director as may be appointed by the Board of Directors shall preside; and in the absence of any such officer, a chairman appointed by the shareholders present shall preside. The Secretary or an Assistant Secretary shall act as secretary at all meetings of the shareholders, but in the absence of the Secretary or an Assistant Secretary the presiding officer may appoint any person to act as secretary of such meeting.

SECTION 10. The Board of Directors, in advance of any meeting of shareholders, may appoint one or more inspectors to act at the meeting or at any adjournment thereof. If inspectors are not so appointed, the person presiding at the meeting may, and on the request of any shareholders entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his or her ability.

SECTION 11. The inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspectors shall make a report, in writing, of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them.

SECTION 12. Every shareholder of record shall be entitled at every meeting of shareholders to one vote for every share standing in his or her name on the record date on the record of shareholders.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. The number of directors constituting the entire Board of Directors shall be not less than 9 or more than 17, the exact number of directors to be determined from time to time by resolution adopted by a majority of the entire Board of Directors. At each annual meeting of shareholders, directors shall be elected to hold office by a plurality of the votes cast.

SECTION 2. Nominations for election to the Board of Directors of the Corporation at a meeting of shareholders may be made by the Board of Directors, on behalf of the Board of Directors by any nominating committee appointed by such Board, or by any shareholder of the Corporation entitled to vote for the election of directors at such meeting. Such nominations, other than those made by or on behalf of the Board of Directors, shall be made by notice in writing delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation, and received by the Secretary at least 75 days prior to any meeting of shareholders called for the election of directors. Each such notice shall set forth: (a) name and address of the shareholder who intends to make the nomination, (b) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (c) the principal occupation or employment of each nominee, (d) the number of shares of stock of the Corporation which are beneficially owned by each such nominee and by the nominating shareholder, (e) any other information concerning the nominee that must be disclosed of nominees in proxy solicitations pursuant to Rule 14(a) of the Securities Exchange Act of 1934, and (f) the executed consent of each nominee to serve as director of the Corporation if so elected.

The chairman of the meeting of shareholders may, if the facts warrant, determine that a nomination was not made in compliance with the foregoing procedures, and if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 3. The Board of Directors or any committee thereof may hold its meetings in such place or places within or without the State of New York as the Board of Directors may, from time to time, determine. Any one or more or all of the members of the Board of Directors, or any committee thereof, may participate in any meeting of the Board or of any committee thereof by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

SECTION 4. Regular meetings of the Board of Directors shall be held in accordance with the schedule adopted each year by the Board of Directors, or on such other day or at such other time or place as the Board of Directors may, from time to time, determine. No notice shall be required for any such regular meeting of the Board of Directors; provided, however, that the Secretary shall forthwith give notice of any change in the place, day or time for holding regular meetings of the Board of Directors by mailing a notice thereof to each director.

SECTION 5. At the first meeting of the Board of Directors held after each annual meeting of shareholders, the Board shall (a) elect the executive officers of the Corporation, such executive officers to hold office until the first meeting of the Board of Directors following the next annual meeting of the shareholders, and (b) designate an Executive Committee and such other committees as the Board of Directors deems appropriate.

SECTION 6. Special meetings of the Board of Directors shall be held whenever called by direction of the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board, the President and Chief Operating Officer or a majority of the entire Board. Notice of each special meeting shall be mailed to each director at least two days before the day on which such meeting is to be held, or shall be sent by telegraph, telex, cable, wireless or telecopy, or be delivered personally or by telephone, at least 24 hours before the time at which such meeting is to be held. Notice need not be given to any director who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

SECTION 7. A notice, or waiver of notice, need not specify the purpose (other than to amend these By-laws) of any regular or special meeting of the Board of Directors.

SECTION 8. At all meetings of the Board of Directors the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board, the President and Chief Operating Officer, or such other officer or director as may be appointed by the Board, shall preside.

SECTION 9. One-third of the entire Board of Directors shall constitute a quorum for the transaction of business. Except as otherwise provided in these By-laws, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board of Directors. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of any adjournment of any meeting of the Board of Directors to another time or place shall be given to the directors who were not present at the time of the adjournment and, unless such time and place are announced at the meeting, to the other directors.

ARTICLE III

COMMITTEES

SECTION 1. The Board of Directors, by resolution adopted by a majority of the entire Board, shall designate not less than five of its members who, with the Chairman of the Board and Chief Executive Officer, shall constitute an Executive Committee. During intervals between meetings of the Board of Directors, the Executive Committee shall possess, and may exercise, all of the powers of the Board (except as otherwise provided in this Article III) in the management of the business of the Corporation, in all cases in which specific directions shall not have been given by the Board of Directors. The Executive Committee shall recommend to the Board the declaration of such dividends as such committee deems appropriate.

SECTION 2. The Chairman of the Board and Chief Executive Officer shall be the chairman of the Executive Committee, and the

Secretary of the Corporation shall be the secretary of such committee, or in his or her absence any Assistant Secretary who shall have been designated by the Board of Directors to perform the duties of the Secretary. All acts and resolutions of the Executive Committee shall be recorded in the minute book and reported to the Board of Directors at its next succeeding regular meeting and shall be subject to the approval of, or revision by, the Board, but no acts or rights of third parties shall be affected by any such revision. The presence of four members of the Executive Committee shall be necessary to constitute a quorum. The affirmative vote of four members of the Executive Committee shall be necessary for the adoption of any resolution, unless more than seven members shall be present, in which case the affirmative vote of a majority of the members present shall be necessary. The members of the Executive Committee who are not full-time employees of the Corporation shall receive such compensation for their services as shall, from time to time, be fixed by the Board.

SECTION 3. The Board of Directors, by resolution adopted by a majority of the entire Board, may appoint a Compensation Committee consisting of three or more directors who are not full-time employees of the Corporation. All compensation paid or payable to officers of the Corporation shall be fixed by the Compensation Committee.

SECTION 4. From time to time the Board of Directors, by resolution adopted by a majority of the entire Board, may appoint any other committee or committees, each consisting of three or more directors or officers, with such powers as shall be specified in the resolution of appointment.

SECTION 5. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent member or members at any meeting of such committee.

SECTION 6. Each committee shall serve at the pleasure of the Board of Directors. The designation of any such committee and the delegation thereto of authority shall not alone relieve any director of his or her duty to the Corporation under the New York Business Corporation Law.

SECTION 7. No committee shall have authority as to the following matters:

- (a) The submission to shareholders of any action that needs shareholders' authorization under the New York Business Corporation Law;
- (b) The filling of vacancies in the Board of Directors or in any committee;
- (c) The fixing of compensation of the directors for serving on the Board of Directors or on any committee;
- (d) The amendment or repeal of any By-law, or the adoption of any new By-law; or

(e) The amendment or repeal of any resolution of the Board of Directors which, by the terms of such resolution, shall not be so amendable or repealable.

SECTION 8. Subject to any requirements of these By-laws, each committee shall establish its own organization, fix its own rules of procedure and meet as ordered by the Board of Directors.

ARTICLE IV

OFFICERS

SECTION 1. The executive officers of the Corporation shall be a Chairman of the Board and Chief Executive Officer, a President and Chief Operating Officer, one or more Senior Executive Vice Presidents, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more other Vice Presidents, a Controller, a Treasurer and a Secretary, all of whom shall be elected by the Board of Directors. The Board of Directors may also elect, as an executive officer of the Corporation, one or more Vice Chairmen of the Board. The Board of Directors may appoint one or more Assistant Controllers, Assistant Treasurers or Assistant Secretaries and such other officers as shall be deemed necessary, who shall perform such duties as may, from time to time, be prescribed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Chief Operating Officer and Secretary, and no officer, except the Chairman of the Board and Chief Executive Officer, the Vice Chairmen of the Board and the President and Chief Operating Officer, need be a director.

All officers elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the entire Board. All other officers, agents and employees shall hold office at the discretion of the committee or of the officer appointing them. The removal of an officer without cause shall be without prejudice to his or her contract rights, if any. The election or appointment of an officer shall not, of itself, create contract rights.

The Board of Directors may require any officer to give security for the faithful performance of his or her duties.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

SECTION 2. The Chairman of the Board and Chief Executive Officer shall be the chief executive officer of the Corporation and shall perform all duties and hold all positions prescribed by these By-laws and shall perform all other duties incidental to such office. He or she shall keep the Board of Directors fully informed and shall freely consult with it concerning the business of the Corporation. The

Chairman of the Board and Chief Executive Officer shall have full power and authority, unless otherwise ordered by the Board of Directors, in behalf of the Corporation to attend, to act and to vote at all meetings of the shareholders of any corporation in which the Corporation may hold stock. He or she may delegate such power and authority to any proxy or proxies whom he or she shall appoint.

VICE CHAIRMEN OF THE BOARD

SECTION 3. Vice Chairmen of the Board shall perform all duties and hold all positions prescribed by these By-laws and shall have such other powers and shall perform such other duties as may be assigned them by the Board. In case of the absence or disability of the Chairman of the Board and Chief Executive Officer, the duties of the office of Chairman of the Board and Chief Executive Officer shall be performed by a Vice Chairman of the Board, unless and until the Board of Directors shall otherwise direct.

PRESIDENT AND CHIEF OPERATING OFFICER

SECTION 4. The President and Chief Operating Officer shall be the chief operating officer of the Corporation, shall perform all duties and hold all positions prescribed by these By-laws and shall have such other powers and shall perform such other duties as may be assigned to him or her by the Board. In case of the absence or disability of the Chairman of the Board and Chief Executive Officer and the Vice Chairman of the Board, the duties of the office of Chairman of the Board and Chief Executive Officer shall be performed by the President and Chief Operating Officer, unless and until the Board of Directors shall otherwise direct.

SENIOR EXECUTIVE VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, SENIOR VICE PRESIDENTS AND OTHER VICE PRESIDENTS

SECTION 5. Each Senior Executive Vice President, each Executive Vice President, each Senior Vice President and each other Vice President shall have such powers and shall perform such duties as may be assigned to him or her by the Board of Directors. In case of the absence or disability of the President and Chief Operating Officer, the duties of the office of the President and Chief Operating Officer shall be performed by a Vice Chairman of the Board, a Senior Executive Vice President or an Executive Vice President in the order or priority established by the Chairman of the Board and Chief Executive Officer, unless and until the Board of Directors shall otherwise direct.

CONTROLLER

SECTION 6. The Controller shall be the principal accounting officer of the Corporation. He or she shall be responsible for the systems of financial control, the maintenance of accounting records and the preparation of the financial statements of the Corporation. He or she shall prepare and submit regular reports to the Board of Directors when and as desired. He or she shall perform all duties incident to the office of Controller and such additional duties as may be assigned to him or her by the Board of Directors, the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board or the President and Chief Operating Officer.

TREASURER

SECTION 7. The Treasurer shall have the custody of all the funds and securities of the Corporation; and he or she may endorse on behalf of the Corporation for collection all checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such banks or depositories as the Board of Directors may designate. He or she may sign vouchers, receipts, checks, drafts, notes and orders for the payment of money and may pay out and dispose of the same under the direction of the Board of Directors, the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board or the President and Chief Operating Officer. The Treasurer shall perform all the duties incident to the office of Treasurer and shall perform such additional duties as may be assigned to him or her by the Board of Directors, the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board or the President and Chief Operating Officer. He or she shall give such security for the faithful performance of his or her duties as the Board of Directors may determine.

SECRETARY

SECTION 8. The Secretary shall keep the minutes of all meetings of the Board of Directors, the minutes of all meetings of the shareholders, and the minutes of the proceedings of all committees of which he or she shall act as secretary, in books provided for such purpose. He or she shall have charge of the certificate books, transfer books and stock ledgers and such other books and papers as the Board of Directors may direct, all of which shall, at all reasonable times during business hours, be open to the examination of any director. The Secretary shall, in general, perform all duties incident to the office of Secretary, subject to the control of the Board of Directors.

POWERS OF OFFICERS REGULATED

SECTION 9. The Board of Directors may, from time to time, extend or restrict the powers and duties of any officer.

ARTICLE V

EXECUTION OF CONTRACTS

All contracts of the Corporation shall be executed on behalf of the Corporation by the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board, the President and Chief Operating Officer, a Senior Executive Vice President, an Executive Vice President, a Senior Vice President, another Vice President or such other person as may be authorized by the Board of Directors, and, if required, the seal of the Corporation shall be thereto affixed and attested by the Secretary or an Assistant Secretary.

ARTICLE VI

CAPITAL STOCK

SECTION 1. The certificates for shares of the capital stock of the Corporation shall be in such form, in conformity with the Business Corporation Law, as shall be approved by the Board of Directors. All stock certificates shall be signed by the Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board, the President and Chief Operating Officer, a Senior Executive Vice President, an Executive Vice President, a Senior Vice President or another Vice President, and also by the Secretary or the Treasurer, and sealed with the seal of the Corporation or a facsimile thereof; provided, however, that upon certificates countersigned by a transfer agent or registered by a registrar, the signatures of such officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such person were such officer at the date of issuance of such certificate.

SECTION 2. Shares of the capital stock of the Corporation shall be transferable only on the books of the Corporation by the holder thereof in person, or by his attorney, upon surrender and cancellation of certificates for a like number of shares. The Board of Directors may, from time to time, make proper provisions for the issuance of new certificates in place of lost or destroyed certificates.

SECTION 3. The Board of Directors shall have power and authority to make all such rules and regulations as may be deemed expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation; and the Board of Directors may appoint one or more transfer agents and one or more registrars and may require all stock certificates to bear the signatures of a transfer agent and of a registrar.

SECTION 4. For the purpose of determining the shareholders entitled to receive payment of any dividend or the allotment of any rights, the Board of Directors may fix, in advance, a date as the record

date for such determination of shareholders. Such date shall not be more than 50 days prior to the date of any such payment or allotment.

SECTION 5. When any dividend is paid or any other distribution is made, in whole or in part, from sources other than earned surplus, such dividend or distribution shall be accompanied by a written notice (a) disclosing the amounts by which such dividend or distribution affects stated capital, capital surplus and earned surplus or (b) if such amounts are not determinable at the time of such notice, disclosing the approximate effect of such dividend or distribution upon stated capital, capital surplus and earned surplus and stating that such amounts are not yet determinable.

ARTICLE VII

CORPORATE SEAL

The Board of Directors shall provide a suitable seal containing the name of the Corporation and the year of incorporation, which seal shall be in the charge of the Secretary.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the day following the last Saturday in January and shall end on the last Saturday of the following January.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

SECTION 1. The Corporation shall, to the fullest extent permitted by applicable law, indemnify any person who is or was made, or threatened to be made, a party to any action or proceeding, whether civil or criminal, whether involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged misstatement, misleading statement or other act or omission and whether brought or threatened in any court or administrative or legislative body or agency, including an action by, or in the right of, the Corporation to procure a judgment in its favor and an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the Corporation is serving or served in any capacity at the request of the Corporation, by reason of the fact that he or she, his or her testator or intestate, is or was a director or officer of the Corporation, or is serving or served such other corporation, partnership, joint venture, trust, employee benefit

plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement, and expenses (including attorneys' fees, costs and charges) incurred as a result of such action or proceeding, or appeal therein; provided, however, that no indemnification shall be provided to any such person who is a director or officer of the Corporation if a judgment or other final adjudication adverse to such director or officer establishes that (a) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (b) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

SECTION 2. The Corporation may indemnify any person (including a person entitled to indemnification pursuant to Section 1) to whom the Corporation is permitted to provide indemnification or the advancement of expenses to the fullest extent permitted by applicable law, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law or other rights created by (a) a resolution of shareholders, (b) a resolution of directors, or (c) an agreement providing for such indemnification, it being expressly intended that this Article IX authorizes the creation of other rights in any such manner.

SECTION 3. The Corporation shall, from time to time, reimburse or advance to any person referred to in Section 1 the funds necessary for payment of expenses incurred in connection with any action or proceeding referred to in Section 1, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that (a) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (b) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

SECTION 4. Without limitation of any indemnification provided by Section 1, any director or officer of the Corporation serving (a) another corporation, partnership, joint venture or trust of which 20 percent or more of the voting power or residual economic interest is held, directly or indirectly, by the Corporation, or (b) any employee benefit plan of the Corporation or any entity referred to in clause (a), in any capacity shall be deemed to be doing so at the request of the Corporation.

SECTION 5. Any person entitled to be indemnified or to the reimbursement or advancement of expenses as a matter of right pursuant to this Article IX may elect to have the right to indemnification (or advancement of expenses) interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time indemnification is sought.

SECTION 6. The right to be indemnified or to the reimbursement or advancement of expenses pursuant to Sections 1 or 3 of this Article IX or a resolution authorized pursuant to Section 2 of this Article IX (a) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof (or of any such resolution) were set forth in a separate written contract between the Corporation and such person, (b) is intended to be retroactive and shall, to the extent permitted by law, be available with respect to events occurring prior to the adoption hereof, and (c) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto. The Corporation shall not be obligated under this Article IX (including any resolution or agreement authorized by Section 2 of this Article IX) to make any payment hereunder (or under any such resolution or agreement) to the extent the person seeking indemnification hereunder (or under any such resolution or agreement) has actually received payment (under any insurance policy, resolution, agreement or otherwise) of the amounts otherwise indemnifiable hereunder (or under any such resolution or agreement).

SECTION 7. If a request to be indemnified or for the reimbursement or advancement of expenses pursuant to Sections 1 or 3 of this Article IX is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled also to be paid the expenses of prosecuting such claim. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or shareholders) to have made a determination prior to the commencement of such action that indemnification of, or reimbursement or advancement of expenses to, the claimant is proper in the circumstances, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or shareholders) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses, shall be a defense to the action or create a presumption that the claimant is not so entitled.

ARTICLE X

AMENDMENTS

SECTION 1. These By-laws may be amended or repealed, and any new By-law may be adopted, by vote of a majority of the entire Board of Directors at any meeting, provided written notice of the proposed amendment or repeal, or new By-law, shall have been given to each director personally or by mail at least three days before the meeting; but any By-law adopted by the Board of Directors may be amended or repealed by the shareholders at any annual meeting or at any special meeting, provided notice of the proposed amendment or repeal be included in the notice of meeting.

SECTION 2. If any By-law regulating an impending election of directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of shareholders for the election of directors the By-law so adopted, amended or repealed, together with a concise statement of the changes made.

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT No. 1 dated as of July 16, 1997 to the Credit Agreement dated as of April 9, 1997 (the "Credit Agreement") among WOOLWORTH CORPORATION, the BANKS party thereto, the CO-AGENTS party thereto, NATIONSBANK, N.A., as Documentation Agent, and THE BANK OF NEW YORK, as LC Agent, Administrative Agent and Swingline Bank.

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend Sections 5.07 and 5.08 of the Credit Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

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

SECTION 2. Amendments. (a) The figure "\$1,000,000,000" in Section 5.07 is changed to "\$800,000,000."

(b) Section 5.08 is amended to read in its entirety as follows:

SECTION 5.08. Leverage Ratio. Total Borrowed Funds will not exceed (i) 77% of Total Capitalization at any time from the Effective Date through the end of Fiscal Year 1997, (ii) 75% of Total Capitalization at any time thereafter through the end of Fiscal Year 1998 or (iii) 70% of Total Capitalization at any time thereafter.

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

SECTION 4. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 5. Effectiveness. This Amendment shall become effective as of the date hereof when the Administrative Agent shall have received from each of the Borrower and the Required Banks a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Administrative Agent) that such party has signed a counterpart hereof.

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

WOOLWORTH CORPORATION

By: /s/ John H. Cannon

Title: Vice President - Treasurer

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

By: /s/ Penelope J. B. Cox

Title: Vice President

NATIONSBANK, N.A.

By: /s/ Marcus A. Boyer

Title: Senior Vice President

THE BANK OF NEW YORK

By: /s/ Howard F. Bascom, Jr.

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ J. Alan Edwards

Title: Authorized Signatory

BANK OF TOKYO-MITSUBISHI TRUST
COMPANY

By: /s/ G. Stewart

Title: Senior Vice President & Manager

TORONTO DOMINION (NEW YORK),
INC.

By: /s/ David G. Parker

Title: Vice President

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS
ASSOCIATION

By: /s/ Jody A. Pritchard

Title: Assistant Vice President

COMMERZANK AG, NEW YORK
AND/OR GRAND CAYMAN
BRANCHES

By: /s/ Subash R. Viswanathan

Title: Vice President

By: /s/ A. Oliver Welsch-Lehmann

Title: Assistant Treasurer

CREDIT LYONNAIS NEW YORK
BRANCH

By: /s/ Vladimir Labun

Title: First Vice President - Manager

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

By: /s/ Susan M. O'Connor

Title: Director

By: /s/ Joel D. Makowsky

Title: Assistant Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Karen A. Lee

Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/ Edith R. Lim

Title: Vice President

By: /s/ Gene Fuentes

Title: Assistant Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Cecilia M. Valente

Title: Senior Vice President

EXHIBIT 11

WOOLWORTH CORPORATION

COMPUTATION OF NET INCOME (LOSS) PER COMMON SHARE
(Unaudited)
(in millions, except per share amounts)

	Thirteen weeks ended		Twenty-six weeks ended	
	July 26, 1997	July 27, 1996	July 27, 1997	July 27, 1996
FINANCIAL STATEMENT PRESENTATION				
Weighted-average number of common shares outstanding	134.5	133.3	134.3	133.2
Income (loss) from continuing operations	26	26	43	11
Less: Preferred dividends	--	--	--	--
Income from continuing operations applicable to common shares	26	26	43	11
Loss from discontinued operations	(207)	(4)	(223)	(11)
Net income (loss)	\$ (181)	\$ 22	\$ (180)	\$ --
Per Common Share:				
Income from continuing operations	\$ 0.19	\$ 0.19	\$ 0.32	\$ 0.08
Loss from discontinued operations	(1.54)	(0.02)	(1.66)	(0.08)
Net income (loss) per share of common stock	\$ (1.35)	\$ 0.17	\$ (1.34)	\$ --
PRIMARY(1)				
Weighted-average number of common shares outstanding and common share equivalents	134.5	134.3	134.3	133.7
Income from continuing operations applicable to common shares	26	26	43	11
Loss from discontinued operations	(207)	(4)	(223)	(11)
Net income (loss)	\$ (181)	\$ 22	\$ (180)	\$ --
Primary:				
Income from continuing operations	\$ 0.19	\$ 0.19	\$ 0.32	\$ 0.08
Loss from discontinued operations	(1.54)	(0.02)	(1.66)	(0.08)
Net income (loss) per share of common stock	\$ (1.35)	\$ 0.17	\$ (1.34)	\$ --
FULLY DILUTED (1) (2)				
Weighted-average number of common shares outstanding and fully diluted common share equivalents	136.5	134.3	135.8	133.9
Assumed conversion of preferred stock	--	0.6	--	0.6
Adjusted weighted-average number of common shares and common share equivalents	136.5	134.9	135.8	134.5
Income from continuing operations applicable to common shares	26	26	43	11
Loss from discontinued operations	(207)	(4)	(223)	(11)
Net income (loss)	\$ (181)	\$ 22	\$ (180)	\$ --
Fully Diluted:				
Income from continuing operations	\$ 0.19	\$ 0.19	\$ 0.32	\$ 0.08
Loss from discontinued operations	(1.52)	(0.02)	(1.64)	(0.08)
Net income (loss) per share of common stock	\$ (1.33)	\$ 0.17	\$ (1.32)	\$ --

(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 1997 loss 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 an anti-dilutive result.

EXHIBIT 12

WOOLWORTH CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (Unaudited)
 (dollars in millions)

	Fiscal 26 weeks ended July 26, 1997 -----	Fiscal Year ended Jan. 25, 1997 -----	Fiscal Year ended Jan. 27, 1996 -----	Fiscal Year ended Jan. 28, 1995 -----	Fiscal Year ended Jan. 29, 1994 -----	Year ended Jan. 30, 1993 -----
NET EARNINGS						
Net income (loss)	\$(180)	\$ 169	\$(164)	\$ 47	\$(495)	\$ 280
Income tax expense (benefit)	(107)	111	(69)	49	(303)	157
Interest expense, excluding capitalized interest	25	77	124	110	86	94
Portion of rents deemed representative of the interest factor (1/3)	57	230	224	211	210	199
	-----	-----	-----	-----	-----	-----
	\$(205)	\$ 587	\$ 115	\$ 417	\$(502)	\$ 730
	=====	=====	=====	=====	=====	=====
FIXED CHARGES						
Gross interest expense	\$ 25	\$ 77	\$ 124	\$ 111	\$ 86	\$ 94
Portion of rents deemed representative of the interest factor (1/3)	57	230	224	211	210	199
	-----	-----	-----	-----	-----	-----
	\$ 82	\$ 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 \$287 million, \$233 million and \$798 million for the quarter ended July 26, 1997 and for the fiscal years ended January 27, 1996 and January 29, 1994, respectively.

Accountants' Acknowledgment

Woolworth Corporation
New York, New York

Board of Directors:

Re: 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

With respect to the subject registration statements, we acknowledge our
awareness of the use therein of our report dated August 14, 1997 related to our
review of interim financial information.

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

/s/ KPMG Peat Marwick LLP

New York, New York
September 4, 1997

Independent Accountants' Review Report

The Board of Directors and Shareholders
Woolworth Corporation:

We have reviewed the condensed consolidated balance sheets of Woolworth Corporation and subsidiaries as of July 26, 1997 and July 27, 1996, and the related condensed consolidated statements of operations, retained earnings, and cash flows for the thirteen and twenty-six week periods ended July 26, 1997 and July 27, 1996. These condensed consolidated financial statements are the responsibility of Woolworth Corporation's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Woolworth Corporation and subsidiaries as of January 25, 1997, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 11, 1997 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 25, 1997, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Our report, referred to above, contains an explanatory paragraph that states that Woolworth Corporation, in 1995, adopted the position of the Financial Accounting Standards Board's Statement of 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, New York
August 14, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED July 26, 1997 AND THE CONSOLIDATED BALANCE SHEET AS OF July 26, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

1,000,000

6-MOS	JAN-31-1998	JAN-26-1997	JUL-26-1997
			69
			0
			0
			0
		1,216	
	1,668		0
		0	
	3,308		
930			568
	0		0
		0	
		1,089	
3,308			0
		3,039	
	3,039		
		2,111	
	2,111		
	78		
	0		
	22		
	70		
		27	
	43		
	(223)		
	0		
		0	
		(180)	
		(1.34)	
		(1.34)	