SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended November 2, 2002

Commission file no. 1-10299

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

New York	13-3513936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

112 W. 34th Street, New York, New York	10120
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES [X] NO [ ]

Number of shares of Common Stock outstanding at December 6, 2002: 141,011,715

FOOT LOCKER, INC.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except shares)

	November 2, 2002 (Unaudited)	November 3, 2001 (Unaudited)	February 2, 2002 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	$ 255	$ 62	$ 215
Merchandise inventories	973	943	793
Assets of discontinued operations	2	4	5
Assets held for sale	--	21	--
Other current assets	138	99	102
	1,368	1,129	1,115
Property and equipment, net	628	639	637
Deferred taxes	234	216	251
Goodwill and intangible assets	205	193	191
Assets of business transferred under contractual arrangement (note receivable)	12	30	30
Other assets	55	133	73
	$ 2,502	$ 2,340	$ 2,297
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 411	$ 348	$ 272
Accrued liabilities	218	189	211
Current portion of repositioning and restructuring reserves	2	10	6
Current portion of reserve for discontinued operations	20	24	16
Liabilities of discontinued operations	3	10	7
Liabilities of businesses held for sale	--	7	--
Current portion of long-term debt and obligations under capital leases	1	34	34
	655	622	546
Long-term debt and obligations under capital leases	356	366	365
Liabilities of business transferred under contractual arrangement	12	12	12
Other liabilities	354	265	382
Shareholders' equity			
Common stock and paid-in capital: 141,083,270, 139,884,055 and 139,980,630 shares, respectively	374	360	363
Retained earnings	893	761	797
Accumulated other comprehensive loss	(141)	(46)	(168)
Less: Treasury stock at cost: 100,220, 67,455 and 70,220 shares, respectively	(1)	--	--
Total shareholders' equity	1,125	1,075	992
	$ 2,502	$ 2,340	$ 2,297

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

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

	Thirteen weeks ended		Thirty-nine weeks ended	
	Nov. 2, 2002	Nov. 3, 2001	Nov. 2, 2002	Nov. 3, 2001
Sales	$ 1,120	$ 1,104	$ 3,295	$ 3,224
Costs and Expenses				
Cost of sales	777	777	2,320	2,265
Selling, general and administrative expenses	235	229	675	687
Depreciation and amortization	37	38	111	114
Restructuring charge (income)	(1)	1	(2)	33
Interest expense, net	5	8	19	18
Other income	--	--	(3)	(1)
	1,053	1,053	3,120	3,116
Income from continuing operations before income taxes	67	51	175	108
Income tax expense	24	18	61	39
Income from continuing operations	43	33	114	69
Income (loss) on disposal of discontinued operations, net of income tax (benefit) expense of $(1), $(2) and $1	2	--	(18)	(13)
Net income	$ 45	$ 33	$ 96	$ 56
Basic earnings per share:				
Income from continuing operations	$ 0.30	$ 0.24	$ 0.80	$ 0.50
Income (loss) from discontinued operations	0.02	--	(0.12)	(0.09)
Net income	$ 0.32	$ 0.24	$ 0.68	$ 0.41
Weighted-average common shares outstanding	140.9	139.8	140.6	139.3
Diluted earnings per share:				
Income from continuing operations	$ 0.29	$ 0.23	$ 0.77	$ 0.49
Income (loss) from discontinued operations	0.02	--	(0.11)	(0.09)
Net income	$ 0.31	$ 0.23	$ 0.66	$ 0.40
Weighted-average common shares assuming dilution	150.7	150.8	150.7	145.7

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in millions)

	Thirteen weeks ended		Thirty-nine weeks ended	
	Nov. 2, 2002	Nov. 3, 2001	Nov. 2, 2002	Nov. 3, 2001
Net income	$45	$33	$ 96	$ 56
Other comprehensive income (loss)				
Foreign currency translation adjustments arising during the period	2	3	27	(5)
Change in fair value of derivatives accounted for as hedges, net of deferred tax benefit of $-	1	--	--	--
Comprehensive income	$48	$36	$123	$ 51

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

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

	Thirty-nine weeks ended	
	Nov. 2, 2002	Nov. 3, 2001
From Operating Activities:		
Net income	$ 96	$ 56
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Restructuring charge (income)	(2)	33
Loss on disposal of discontinued operations, net of tax	18	13
Depreciation and amortization	111	114
Real estate gains	(3)	(1)
Deferred income taxes	1	(29)
Change in assets and liabilities:		
Merchandise inventories	(169)	(216)
Accounts payable and other accruals	125	62
Repositioning and restructuring reserves	(2)	(43)
Other, net	14	18
Net cash provided by operating activities of continuing operations	189	7
From Investing Activities:		
Proceeds from disposal of real estate	6	1
Proceeds from sales of investments	--	5
Lease acquisition costs	(14)	(15)
Capital expenditures	(105)	(75)
Net cash used in investing activities of continuing operations	(113)	(84)
From Financing Activities:		
Issuance of convertible long-term debt	--	150
Debt issuance costs	--	(8)
Reduction in long-term debt and capital lease obligations	(41)	(61)
Issuance of common stock	9	9
Net cash (used in) provided by financing activities of continuing operations	(32)	90
Net Cash used in Discontinued Operations	(6)	(62)
Effect of exchange rate fluctuations on Cash and Cash Equivalents	2	2
Net change in Cash and Cash Equivalents	40	(47)
Cash and Cash Equivalents at beginning of year	215	109
Cash and Cash Equivalents at end of interim period	$ 255	$ 62
Cash paid during the period:		
Interest	$ 15	$ 25
Income taxes	$ 29	$ 30

See Accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

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

Goodwill and Intangible Assets

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

The following would have resulted had the provisions of the new standards been applied as of January 31, 1999:

	Thirteen weeks ended November 3, 2001	Thirty-nine weeks ended November 3, 2001	Year ended February 2, 2002	Year ended February 3, 2001	Year ended January 29, 2000
Income from continuing operations (in millions)					
As reported	$ 33	$ 69	$ 111	$ 107	$ 59
Pro forma	$ 34	$ 73	$ 115	$ 112	$ 64
Basic earnings per share					
As reported	$ 0.24	$ 0.50	$ 0.79	$ 0.78	$ 0.43
Pro forma	$ 0.25	$ 0.53	$ 0.82	$ 0.81	$ 0.47
Diluted earnings per share					
As reported	$ 0.23	$ 0.49	$ 0.77	$ 0.77	$ 0.43
Pro forma	$ 0.23	$ 0.51	$ 0.80	$ 0.80	$ 0.46

There were no material changes in the carrying value of goodwill during the thirteen and thirty-nine weeks ended November 2, 2002. The carrying value of goodwill by operating segment as of November 2, 2002 was as follows:

(in millions)	
Athletic Stores..	$ 55
Direct to Customers..	80
Total Goodwill...	$135

Finite life intangible assets comprise lease acquisition costs, which are required to secure prime lease locations and other lease rights, primarily in Europe. The weighted-average amortization period as of November 2, 2002 was approximately 12 years. Amortization expense for lease acquisition costs was approximately $2 million and $6 million for the thirteen and thirty-nine weeks ended November 2, 2002, respectively. For the thirteen and thirty-nine weeks ended November 3, 2001, amortization expense was approximately $2 million and $5 million, respectively. Annual estimated amortization expense is expected to be $8 million for 2002, 2005 and 2006 and approximately $9 million for 2003 and 2004.

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

Lease Acquisition Costs (in millions)	Gross Carrying Amount	Accumulated Amortization	Net
November 2, 2002	$102	$(32)	$70
November 3, 2001	$ 91	$(35)	$56
February 2, 2002	$ 90	$(34)	$56

Impairment or Disposal of Long-Lived Assets

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

The Lady Foot Locker format showed disappointing sales for the first half of 2002. During the third quarter of 2002, the Registrant performed an analysis of the recoverability of store long-lived assets pursuant to SFAS No. 144 and recorded a non-cash pre-tax asset impairment charge in selling, general and administrative expenses of approximately $1 million, which reflected the impairment of long-lived assets such as store fixtures and leasehold improvements related to the format, included in the Athletic Stores segment.

Derivative Financial Instruments

In the first quarter of 2001, the Registrant recorded other comprehensive income of approximately $1 million, reflecting the impact of adoption of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." During the quarters ended November 2, 2002 and November 3, 2001, the ineffective portion of gains and losses related to cash flow hedges recorded to earnings was not material. The Registrant is hedging forecasted transactions for no more than the next twelve months and expects all derivative-related amounts reported in accumulated other comprehensive loss to be reclassified to earnings within twelve months.

Accumulated comprehensive loss declined by approximately $1 million after-tax during the third quarter of 2002 due to both the changes in fair value of derivative financial instruments designated as hedges and the reclassification of losses to earnings. During the quarter ended November 3, 2001, the decrease in accumulated comprehensive loss due to both the changes in fair value of derivative financial instruments designated as hedges and the reclassification to earnings was not material.

During the quarters ended November 2, 2002 and November 3, 2001, the changes in fair value of derivative financial instruments not designated as hedges were not material.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss comprised foreign currency translation adjustments of $26 million, $46 million, and $53 million at November 2, 2002, November 3, 2001 and February 2, 2002, respectively. Accumulated other comprehensive loss included a minimum pension liability adjustment of $115 million at November 2, 2002 and February 2, 2002.

Discontinued Operations

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

In the first quarter of 2001, the Registrant recorded a tax benefit of $5 million as a result of the implementation of tax planning strategies related to the discontinuance of the Northern Group. The second quarter 2001 charge of $12 million before-tax, or $19 million after-tax, to write-down the assets and liabilities to the estimated fair value of the Note was partially offset by reduced severance and favorable results from the liquidation of the Northern U.S stores and real estate activity.

In the third quarter of 2002, the Registrant recorded a charge of approximately $1 million before-tax for lease exit costs in excess of previous estimates. In addition, the Registrant recorded a tax benefit of $2 million, which also reflected the impact of the tax planning strategies implemented related to the discontinuance of the Northern Group. Net disposition activity of $22 million for the thirty-nine weeks ended November 2, 2002 included the $18 million reduction in the carrying value of the net assets and liabilities, real estate disposition activity of $1 million and severance and other costs of $3 million. The remaining reserve balance of $8 million at November 2, 2002 is expected to be utilized within twelve months.

In 1998, the Registrant exited both its International General Merchandise and Specialty Footwear segments. In 1997, the Registrant exited its Domestic General Merchandise segment. In the second quarter of 2002, the Registrant recorded a charge of $4 million before-tax, or $2 million after-tax, for legal actions related to the Domestic General Merchandise segment, which have since been settled, and a $1 million charge for a lease liability related to Woolco in the former International General Merchandise segment. These charges were partially offset by a net reduction of $2 million before-tax, or $1 million after-tax, for each of the second and third quarters of 2002 in the Specialty Footwear reserve primarily reflecting real estate costs more favorable than original estimates. In the second quarter of 2001, the Registrant recorded a tax benefit of $1 million related to the settlement of tax liabilities in Germany associated with exiting the International General Merchandise segment. The successor-assignee of the leases of a former business included in the Domestic General Merchandise segment has filed a petition in bankruptcy, and rejected in the bankruptcy proceeding 17 leases it originally acquired from the Registrant. There are currently six actions pending against the Registrant by former landlords for the lease obligations. The Registrant believes that it may have valid defenses, but as these actions are in the preliminary stage of proceedings, their outcome cannot be predicted with any degree of certainty. The remaining reserve balances totaled $23 million as of November 2, 2002, $11 million of which is expected to be utilized within twelve months. Disposition activity related to the reserves is presented below:

NORTHERN GROUP (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate & lease liabilities	$ 6	$ (1)	$ 1	$6
Severance & personnel	2	(2)	--	--
Asset impairments	--	(18)	18	--
Other costs	3	(1)	--	2
Total	$11	$(22)	$19	$8

INTERNATIONAL GENERAL MERCHANDISE (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
The Bargain! Shop	$ 6	$ --	$ --	$ 6
Woolco	--	--	1	1
Total	$ 6	$ --	$ 1	$ 7

SPECIALTY FOOTWEAR (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate & lease liabilities	$ 7	$ (1)	$ (4)	$ 2
Other costs	2	(2)	--	--
Total	$ 9	$ (3)	$ (4)	$ 2

DOMESTIC GENERAL MERCHANDISE (in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate & lease liabilities	$ 10	$ (2)	$ --	$ 8
Legal and other costs	2	--	4	6
Total	$ 12	$ (2)	$ 4	$ 14

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

(in millions)	NORTHERN GROUP	SPECIALTY FOOTWEAR	DOMESTIC GENERAL MERCHANDISE	TOTAL
11/2/2002				
Assets	$ --	$ --	$ 2	$ 2
Liabilities	1	--	2	3
Net assets (liabilities) of discontinued operations	$ (1)	$ --	$ --	$ (1)
11/3/2001				
Assets	$ --	$ 2	$ 2	$ 4
Liabilities	7	1	2	10
Net assets (liabilities) of discontinued operations	$ (7)	$ 1	$ --	$ (6)
2/2/2002				
Assets	$ 1	$ 2	$ 2	$ 5
Liabilities	3	1	3	7
Net assets (liabilities) of discontinued operations	$ (2)	$ 1	$ (1)	$ (2)

The Northern Group assets and liabilities of discontinued operations primarily comprised the Northern Group stores in the U.S. Liabilities included accounts payable, restructuring reserves and other accrued liabilities. The Northern Group Canada assets and liabilities have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement." The net assets of the Specialty Footwear and Domestic General Merchandise segments consist primarily of fixed assets and accrued liabilities.

Restructuring Programs

1999 Restructuring

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

In the second quarter of 2001, the Registrant recorded a restructuring charge of approximately $32 million before-tax, or $22 million after-tax, as a result of the terms of then current negotiations to sell The San Francisco Music Box Company. The sale was completed on November 13, 2001, for cash proceeds of approximately $14 million. In addition, on October 10, 2001, the Registrant closed the sale of assets related to the fifteen Burger King and Popeye's franchises for cash proceeds of approximately $5 million. In connection with these dispositions, the Registrant recorded a restructuring charge of approximately $1 million before-tax in the third quarter of 2001.

In the second quarter of 2002, the Registrant recorded a reduction of $1 million, which primarily reflected favorable results compared with original estimates for exit costs related to the sale of The San Francisco Music Box Company. In the third quarter of 2002, the Registrant recorded a further reduction of $1 million due to favorable real estate and other disposition activity for its other non-core businesses.

The net assets of The San Francisco Music Box Company as of November 3, 2001 have been valued at the lower of cost or net realizable value. These assets, totaling $21 million, and liabilities, totaling $7 million, have been reclassified as "Assets held for sale" and "Liabilities of businesses held for sale," respectively, in the Condensed Consolidated Balance Sheet as of November 3, 2001.

1993 Repositioning and 1991 Restructuring

For the thirty-nine weeks ended November 2, 2002, disposition activity of approximately $1 million was offset by proceeds received to exit subleased locations.

Disposition activity related to the reserves within the restructuring programs is presented below. The remaining reserve balance at November 2, 2002 totaled $5 million, $2 million of which is expected to be utilized within twelve months.

NON-CORE BUSINESSES

(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate	$ 1	$ --	$--	$ 1
Other disposition costs	3	--	(2)	1
Total	$ 4	$ --	$(2)	$ 2

CORPORATE OVERHEAD AND LOGISTICS

(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate	$ 1	$ (1)	$ --	$ --

TOTAL 1999 RESTRUCTURING

(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate	$2	$(1)	$--	$1
Other disposition costs	3	--	(2)	1
Total	$5	$(1)	$(2)	$2

1993 REPOSITIONING AND 1991 RESTRUCTURING

(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate	$1	$ 1	$--	$2
Other disposition costs	2	(1)	--	1
Total	$3	$--	$--	$3

TOTAL RESTRUCTURING RESERVES

(in millions)

	Balance 2/2/2002	Net Usage	Charge/ (Income)	Balance 11/2/2002
Real estate	$3	$ -	$ -	$ 3
Other disposition costs	5	(1)	(2)	2
Total	$8	$ (1)	$(2)	$ 5

Earnings Per Share

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

(in millions)	Thirteen weeks ended Nov. 2, 2002	Thirteen weeks ended Nov. 3, 2001	Thirty-nine weeks ended Nov. 2, 2002	Thirty-nine weeks ended Nov. 3, 2001
Numerator:				
Income from continuing operations	$ 43	$ 33	$ 114	$ 69
Effect of Dilution:				
Convertible debt	1	1	3	2
Income from continuing operations assuming dilution	$ 44	$ 34	$ 117	$ 71
Denominator:				
Weighted-average common shares outstanding	140.9	139.8	140.6	139.3
Effect of Dilution:				
Stock options and awards	0.3	1.5	0.6	1.3
Convertible debt	9.5	9.5	9.5	5.1
Weighted-average common shares assuming dilution ..	150.7	150.8	150.7	145.7

Options to purchase 7.1 million and 2.0 million shares of common stock were not included in the computation for the thirteen weeks ended November 2, 2002 and November 3, 2001, respectively. Options to purchase 3.9 million and 3.1 million shares of common stock were not included in the computation for the thirty-nine weeks ended November 2, 2002 and November 3, 2001, respectively. These amounts were not included because the exercise price of the options was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Other Income

Other income for the thirty-nine weeks ended November 2, 2002, reflected a net gain of $3 million primarily related to the condemnation of a part-owned and part-leased property for which the Registrant received proceeds of $6 million in the second quarter of 2002.

Segment Information

Sales and operating results for the Registrant's reportable segments for the thirteen and thirty-nine weeks ended November 2, 2002 and November 3, 2001, respectively, are presented below. Operating profit before corporate expense, net reflects income from continuing operations before income taxes, net corporate expense and net interest expense.

Sales:

(in millions)	Thirteen weeks ended November 2, 2002	Thirteen weeks ended November 3, 2001	Thirty-nine weeks ended November 2, 2002	Thirty-nine weeks ended November 3, 2001
Athletic Stores..	$ 1,036	$ 999	$ 3,058	$ 2,940
Direct to Customers....................................	84	85	237	230
	1,120	1,084	3,295	3,170
All Other (1)..	-	20	-	54
	$ 1,120	$ 1,104	$ 3,295	$ 3,224

Operating Results:

(in millions)	Thirteen weeks ended November 2, 2002	Thirteen weeks ended November 3, 2001	Thirty-nine weeks ended November 2, 2002	Thirty-nine weeks ended November 3, 2001
Athletic Stores (2)	$77	$ 69	$208	$ 206
Direct to Customers	8	8	22	13
	85	77	230	219
All Other (1) (3)	--	(6)	1	(45)
Operating profit before corporate expense, net	85	71	231	174
Corporate expense	13	12	37	48
Interest expense, net	5	8	19	18
Income from continuing operations before income taxes	$67	$ 51	$175	$ 108

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

(2) Both periods presented for 2002 include restructuring income of $1 million.

(3) The thirty-nine weeks ended November 2, 2002 includes restructuring income of $1 million. The thirteen and thirty-nine weeks ended November 3, 2001 include restructuring charges of $1 million and $33 million, respectively.

Recently Issued Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which will be effective for fiscal years beginning after June 15, 2002, and the Registrant will adopt it as of the beginning of fiscal year 2003. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate can be made. The carrying amount of the related long-lived asset shall be increased by the same amount as the liability and that amount will be depreciated or amortized consistent with the underlying long-lived asset. The difference between the fair value and the value of the ultimate liability will be accreted over time using the credit-adjusted risk-free interest rate in effect when the liability is initially recognized. Asset retirement obligations of the Registrant could include structural alterations to store locations and equipment removal costs from distribution centers required by certain leases. The Registrant is currently evaluating SFAS No. 143 and does not expect its adoption to have a significant impact on its financial position and results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 amends other existing authoritative pronouncements to make various technical corrections, including that gains and losses from extinguishment of debt no longer be classified as extraordinary. The statement also eliminates an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. In addition, it requires that the original lessee under an operating lease agreement that becomes secondarily liable shall recognize the fair value of the guarantee obligation for all transactions occurring after May 15, 2002. The Registrant adopted SFAS No. 145 as of May 15, 2002, which did not have a material impact on its financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which will be effective for exit and disposal activities that are initiated after December 31, 2002. The statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The statement requires that the fair value of an initial liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred as opposed to when the entity commits to the exit plan, thereby eliminating the definition and requirements for recognition of exit costs, as is the guidance under EITF 94-3.

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

References included herein to businesses disposed and held for disposal relate to The San Francisco Music Box Company and the Burger King and Popeye's franchises. All references to comparable-store sales relate to sales from stores that have been open for more than one year.

RESULTS OF OPERATIONS

Sales of $1,120 million for the third quarter of 2002 increased 1.4 percent from sales of $1,104 million for the third quarter of 2001. For the thirty-nine weeks ended November 2, 2002, sales of $3,295 million increased 2.2 percent from sales of $3,224 million for the thirty-nine weeks ended November 3, 2001. Excluding the impact of foreign currency fluctuations and sales from businesses disposed and held for disposal in the prior year, sales increased 2.2 percent and 3.2 percent for the third quarter and year-to-date periods of 2002, respectively, as compared with the corresponding prior-year periods. These sales increases were primarily attributable to the Registrant's new store opening program. Comparable-store sales decreased by 0.7 percent for the thirteen weeks ended November 2, 2002. The thirty-nine weeks ended November 2, 2002 included a comparable-store sales increase of 0.5 percent. Certain higher-priced marquee footwear did not sell as well as anticipated in the first quarter of 2002. During the second quarter of 2002, the Registrant successfully moved its marquee footwear back in line with historical levels and made changes to the product assortment, which accommodated customer demands in the third quarter of 2002.

Gross margin, as a percentage of sales, for the thirteen weeks ended November 2, 2002 of 30.6 percent improved by 100 basis points as compared with 29.6 percent for the corresponding prior-year period. Gross margin, as a percentage of sales, of 29.6 percent for the thirty-nine weeks ended November 2, 2002 remained essentially flat as compared with the corresponding prior-year period. The improvement for the thirteen weeks primarily reflected better merchandise purchasing. Buyers' salaries and occupancy costs, as a percentage of sales, for the thirteen and thirty-nine weeks ended November 2, 2002, remained relatively flat as compared with the corresponding prior-year periods.

Selling, general and administrative expenses ("SG&A") of $235 million increased by 30 basis points, as a percentage of sales, to 21.0 percent in the third quarter of 2002 as compared with 20.7 percent in the corresponding prior-year period, which primarily related to new store openings and increased marketing expenditures. SG&A of $675 million improved by 80 basis points, as a percentage of sales, to 20.5 percent for the thirty-nine weeks ended November 2, 2002 as compared with 21.3 percent in the corresponding prior-year period. This improvement reflected the Registrant's continued cost-reduction efforts during 2002, particularly in payroll and logistics, offset in part by new store openings and increased marketing expenditures. SG&A included income of $4 million related to the Registrant's pension and postretirement plans for the thirteen and thirty-nine weeks ended November 2, 2002. Income related to the pension and postretirement plans totaled $5 million and $8 million for the thirteen and thirty-nine weeks ended November 3, 2001, respectively. The completion of the sales of The San Francisco Music Box Company and the Burger King and Popeye's franchises in 2001 also contributed to the reduction in SG&A, as a percentage of sales.

Depreciation and amortization of $37 million declined by $1 million for the third quarter of 2002 and declined by $3 million to $111 million for the thirty-nine weeks ended November 2, 2002, as compared with the corresponding prior-year periods. The impact of no longer amortizing goodwill as required by SFAS No. 142, which was adopted by the Registrant effective February 3, 2002, was $2 million for the third quarter and $6 million for the thirty-nine weeks ended November 2, 2002, and was offset by increased depreciation associated with the new store opening program.

Interest expense of $8 million and $25 million for the thirteen and thirty-nine weeks ended November 2, 2002, declined by 11.1 percent and 7.4 percent, respectively, as compared with the corresponding prior-year periods. The increase in interest expense in 2002 associated with the issuance of $150 million 5.50% convertible notes in June 2001 was more than offset by the impact of the retirement of the $50 million 7.00% medium-term notes in October 2001 and reduced amortization of deferred financing costs related to the revolving credit facility. Interest income totaled $3 million and $6 million for the thirteen and thirty-nine weeks ended November 2, 2002, respectively, as compared with $1 million and $9 million in the corresponding prior-year periods. The thirty-nine weeks ended November 3, 2001 included intercompany interest income related to the Northern Group segment of $5 million. The offsetting interest expense was charged to the reserve for discontinued operations in 2001. The increase in interest income of $2 million for the 2002 quarter-to-date and year-to-date periods was primarily due to interest income related to income tax settlements and refunds.

During the first quarter of 2002, the Registrant recorded a $3 million tax benefit related to a multi-state tax planning strategy and subsequently, during the third quarter ended November 2, 2002, recorded an additional $1 million tax benefit related to these strategies. During the second quarter of 2002, the Registrant recorded a $2 million tax benefit related to a reduction in the valuation allowance for deferred tax assets related to foreign tax credits. The combined effect of these items reducing the valuation allowance reduced the effective tax rate for the thirty-nine weeks ended November 2, 2002 to approximately 35.0 percent as compared with approximately 36.0 percent for the corresponding prior-year period. The Registrant expects the effective tax rate to approximate 37.5 percent for the fourth quarter of 2002.

Income from continuing operations of $43 million, or $0.29 per diluted share, for the thirteen weeks ended November 2, 2002, improved by $0.06 per diluted share from $33 million, or $0.23 per diluted share, for the thirteen weeks ended November 3, 2001. Income from continuing operations of $114 million, or $0.77 per diluted share, for the thirty-nine weeks ended November 2, 2002, improved by $0.28 per diluted share from $69 million, or $0.49 per diluted share, for the thirty-nine weeks ended November 3, 2001. Restructuring income of $1 million and $2 million, respectively, was included in income from continuing operations for the thirteen and thirty-nine weeks ended November 2, 2002. Income from continuing operations included restructuring charges of $1 million and $33 million for the thirteen and thirty-nine weeks ended November 3, 2001. For the quarter ended November 2, 2002, the Registrant reported net income of $45 million, or $0.31 per diluted share, which included income of $2 million from income on the disposal of discontinued operations, or $0.02 per diluted share, compared with net income of $33 million, or $0.23 per diluted share, for the corresponding prior-year period. For the year-to-date periods, the Registrant reported net income of $96 million, or $0.66 per diluted share, for 2002, as compared with net income of $56 million, or $0.40 per diluted share, in 2001, which included losses related to discontinued operations of $18 million, or $0.11 per diluted share, and $13 million, or $0.09 per diluted share, respectively.

STORE COUNT

The following table summarizes store count. During the thirty-nine weeks ended November 2, 2002, the Registrant remodeled or relocated 167 stores.

	Feb. 2, 2002	Opened	Closed	Nov. 2, 2002	Nov. 3, 2001
Athletic Stores	3,590	109	85	3,614	3,568
Disposed and held for disposal	--	--	--	--	162
Total	3,590	109	85	3,614	3,730

SALES

The following table summarizes sales by segment.

(in millions)	Thirteen weeks ended Nov. 2, 2002	Thirteen weeks ended Nov. 3, 2001	Thirty-nine weeks ended Nov. 2, 2002	Thirty-nine weeks ended Nov. 3, 2001
Athletic Stores	$1,036	$ 999	$3,058	$2,940
Direct to Customers	84	85	237	230
	1,120	1,084	3,295	3,170
Disposed and held for disposal	--	20	--	54
Total sales	$1,120	$1,104	$3,295	$3,224

Athletic Stores sales increased by 3.7 percent and 4.0 percent, respectively, for the thirteen and thirty-nine weeks ended November 2, 2002, respectively, as compared with the corresponding prior-year periods. Due to the strong performance of the euro against the U.S. dollar in the third quarter of 2002, the sales increases, excluding the impact of foreign currency fluctuations, were 2.5 percent and 3.2 percent for the 2002 third quarter and year-to-date periods, respectively. These sales increases primarily resulted from the Registrant's successful new store opening program. The thirteen weeks ended November 2, 2002 included a comparable-store sales decrease of 0.8 percent. The Registrant currently expects the fourth quarter comparable-store sales to increase by low single-digits. The thirty-nine weeks ended November 2, 2002 included a comparable-store sales increase of 0.4 percent.

Footwear sales across most formats in the U.S., were led by both the basketball category and also the current trend in classic shoes. In the U.S., certain higher-priced marquee footwear did not sell as well as anticipated in the first quarter of 2002. During the second quarter of 2002, the Registrant successfully moved its marquee footwear back in line with historical levels and re-focused its marquee footwear selection on products having a retail price of $90 to $120 per pair and made changes to the product assortment, which accommodated customer demands in the third quarter of 2002. Sales also continued to benefit from the apparel strategy led by merchandise in private label and licensed offerings.

The international formats, Foot Locker Europe in particular, continued to achieve strong sales growth in the first three quarters of 2002. Although the Lady Foot Locker format showed disappointing sales for the first half of 2002, it began to show improvements during the third quarter generating a low single-digit comparable-store sales increase resulting from the initiatives implemented by its new management. During the third quarter, the Registrant performed an analysis of the recoverability of store long-lived assets for the Lady Foot Locker format pursuant to SFAS No. 144 and recorded an asset impairment charge of approximately $1 million. Management currently expects the business to return to historical levels of profitability.

Nike, Inc. ("Nike") has previously advised the Registrant that Nike would limit purchases of certain marquee and launch athletic footwear by the Registrant's U.S. divisions for delivery after February 1, 2003. Also, the Registrant has reduced its orders for certain other products offered for sale by Nike. The Registrant had initially estimated that its planned 2003 purchases of Nike marquee and launch footwear and other products could be reduced by approximately $150 million to $250 million. Based upon recent discussions with Nike, the Registrant currently estimates that its planned 2003 purchases of Nike marquee and launch footwear and other products could be reduced by approximately $300 million to $400 million. The Registrant expects to make incremental purchases of marquee and launch product from its other key vendors, which the Registrant currently expects will allow it to meet customer demand for marquee and launch products. The Registrant expects that Nike will continue to be a significant supplier in 2003.

In addition, since the third quarter of 2002, the Kids Foot Locker format, which had previously been managed in conjunction with Lady Foot Locker, is being managed by the Foot Locker U.S. management team. This change is management is expected to benefit sales performance at Kids Foot Locker, which has been below plan through the third quarter of 2002.

Direct to Customers sales decreased by 1.2 percent and increased by 3.0 percent for the thirteen and thirty-nine weeks ended November 2, 2002, respectively, as compared with the corresponding prior-year periods. Internet sales of $32 million and $90 million for the thirteen and thirty-nine weeks ended November 2, 2002, respectively, increased by 28.0 percent and by 38.5 percent, respectively, as compared with the corresponding prior-year periods. This increase in Internet sales was substantially offset by a decline in catalog sales, which the Registrant believes reflects the growing trend of the Registrant's customers to browse and select products through its catalogs and then make their purchases via the Internet.

Recently, the Registrant entered into a strategic alliance to offer footwear and apparel on the Amazon.com website. Foot Locker will be a featured brand in the Amazon.com specialty store for apparel and accessories.

OPERATING RESULTS

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

	Thirteen weeks ended		Thirty-nine weeks ended	
	Nov. 2, 2002	Nov. 3, 2001	Nov. 2, 2002	Nov. 3, 2001
(in millions)				
Athletic Stores	$76	$ 69	$207	$ 206
Direct to Customers	8	8	22	13
	84	77	229	219
Disposed and held for disposal	--	(5)	--	(12)
Restructuring income (charge)	1	(1)	2	(33)
Total operating profit before corporate expense, net	$85	$ 71	$231	$ 174

Athletic Stores operating profit before corporate expense, net increased by 10.1 percent for the thirteen weeks ended November 2, 2002, as compared with the corresponding prior-year period, which reflected a higher product margin rate. Athletic Stores operating profit before corporate expense, net was essentially flat for the thirty-nine weeks ended November 2, 2002. Both periods in 2002 benefited from reductions in divisional expenses resulting from the Registrant's on-going cost-cutting programs. Included in operating profit before corporate expense, net for the thirteen and thirty-nine weeks ended November 2, 2002 was restructuring income of $1 million and $2 million, respectively, for favorable real estate and other disposition activity for its other non-core businesses. The Registrant recorded restructuring charges in divisional profit of $1 million and $33 million for the thirteen and thirty-nine weeks ended November 3, 2001, respectively, primarily related to the sale of The San Francisco Music Box Company and the Burger King and Popeye's franchises during 2001. During the third quarter ended November 2, 2002, the Registrant recorded in operating profit before corporate expense, net a $1 million asset impairment charge related to Lady Foot Locker. Operating profit before corporate expense, net , as a percentage of sales, improved by 40 basis points to 7.3 percent and declined by 20 basis points to 6.8 percent, respectively, for the thirteen and thirty-nine weeks ended November 2, 2002 as compared with the corresponding prior-year periods.

Direct to Customers operating profit before corporate expense, net remained flat for the thirteen weeks ended November 2, 2002 and increased by 69.2 percent for the thirty-nine weeks ended November 2, 2002 as compared with the corresponding prior-year periods. Operating profit before corporate expense, net , as a percentage of sales, increased to 9.3 percent from 5.7 percent for the thirty-nine weeks ended November 2, 2002, primarily due to improved gross margin rates, cost-reduction efforts and reduced marketing expenditures.

STRATEGIC DISPOSITIONS AND REPOSITIONING

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

In the first quarter of 2001, the Registrant recorded a tax benefit of $5 million as a result of the implementation of tax planning strategies related to the discontinuance of the Northern Group. The second quarter 2001 charge of $12 million before-tax, or $19 million after-tax, to write-down the assets and liabilities to the estimated fair value of the Note was partially offset by reduced severance and favorable results from the liquidation of the Northern U.S stores and real estate activity.

In the third quarter of 2002, the Registrant recorded a charge of approximately $1 million before-tax for lease exit costs in excess of previous estimates. In addition, the Registrant recorded a tax benefit of $2 million, which also reflected the impact of the tax planning strategies implemented related to the discontinuance of the Northern Group. Net disposition activity of $22 million for the thirty-nine weeks ended November 2, 2002 included the $18 million reduction in the carrying value of the net assets and liabilities, real estate disposition activity of $1 million and severance and other costs of $3 million. The remaining reserve balance of $8 million at November 2, 2002 is expected to be utilized within twelve months.

In 1998, the Registrant exited both its International General Merchandise and Specialty Footwear segments. In 1997, the Registrant exited its Domestic General Merchandise segment. In the second quarter of 2002, the Registrant recorded a charge of $4 million before-tax, or $2 million after-tax, for legal actions related to the Domestic General Merchandise segment, which have since been settled, and a $1 million charge for a lease liability related to Woolco in the former International General Merchandise segment. These charges were partially offset by a net reduction of $2 million before-tax, or $1 million after-tax, for each of the second and third quarters of 2002 in the Specialty Footwear reserve primarily reflecting real estate costs more favorable than original estimates. In the second quarter of 2001, the Registrant recorded a tax benefit of $1 million related to the settlement of tax liabilities in Germany associated with exiting the International General Merchandise segment. The successor-assignee of the leases of a former business included in the Domestic General Merchandise segment has filed a petition in bankruptcy, and rejected in the bankruptcy proceeding 17 leases it originally acquired from the Registrant. There are currently six actions pending against the Registrant by former landlords for the lease obligations. The Registrant believes that it may have valid defenses, but as these actions are in the preliminary stage of proceedings, their outcome cannot be predicted with any degree of certainty. The remaining reserve balances totaled $23 million as of November 2, 2002, $11 million of which is expected to be utilized within twelve months.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow and Liquidity

Generally, the Registrant's primary source of cash is from operations. The Registrant has a $190 million revolving credit facility, available through June 2004. During the second quarter of 2001, the Registrant raised $150 million in cash through the issuance of subordinated convertible notes. The Registrant generally finances real estate with operating leases. The principal use of cash has been to finance inventory requirements, capital expenditures related to store openings, store remodelings and management information systems, and to fund other general working capital requirements.

Operating activities of continuing operations provided cash of $189 million for the thirty-nine weeks ended November 2, 2002 compared with $7 million for the thirty-nine weeks ended November 3, 2001. These amounts reflect income from continuing operations adjusted for non-cash items and working capital changes. The increase in cash from operations in 2002 was due to both increased income from continuing operations and working capital changes. The increase in merchandise inventories resulted in net cash outflows for merchandise inventories, accounts payable and accrued liabilities for the thirty-nine weeks ended November 2, 2002 and November 3, 2001. Included in cash flow from operations for the thirty-nine weeks ended November 2, 2002 and November 3, 2001, were cash payments of $2 million and $43 million, respectively, primarily related to the 1999 restructuring program.

Net cash used in investing activities of continuing operations of $113 million and $84 million for the thirty-nine weeks ended November 2, 2002 and November 3, 2001, respectively, primarily reflected capital expenditures and lease acquisition costs. Total planned capital expenditures of $165 million for 2002 comprise $122 million for new store openings and modernizations of existing stores, $26 million for the development of information systems and other support facilities and lease acquisition costs of $17 million related to the Registrant's European operations. The Registrant has the ability to revise and reschedule the anticipated capital expenditure program should the Registrant's financial position require it. Proceeds from disposal of real estate of $6 million for the thirty-nine weeks ended November 2, 2002 primarily related to the condemnation of a part-owned and part-leased property in the second quarter of 2002. The thirty-nine weeks ended November 3, 2001 included proceeds from the sale of the Burger King and Popeye's franchises of $5 million in the third quarter of 2001 and real estate sales of $1 million.

Financing activities for the Registrant's continuing operations used cash of $32 million for the thirty-nine weeks ended November 2, 2002 compared with cash provided by operations of $90 million for the corresponding prior-year period, which included the issuance of $150 million of subordinated convertible notes in the first half of 2001. The net proceeds of the offering were used for working capital and general corporate purposes and to reduce reliance on bank financing. During the thirty-nine weeks ended November 2, 2002, the Registrant repaid the remaining $32 million of the $40 million 7.00% medium-term notes due in October 2002 and retired approximately $9 million related to the $200 million 8.50% debentures. The thirty-nine weeks ended November 3, 2001 included the repayment and retirement of the $50 million 6.98% medium-term notes due in October 2001. During the second quarter of 2001, the Registrant amended its $190 million revolving credit agreement to allow restricted payments, including share repurchases and dividends, of up to 25% of the Registrant's consolidated income from continuing operations for the most recent fiscal year. There were no short-term borrowings outstanding during the entire thirty-nine weeks ended November 2, 2002 or during substantially all of the corresponding period of 2001.

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

The Registrant recorded a receivable of approximately $45 million related to a Federal income tax refund in other current assets at November 2, 2002, which was subsequently received.

Capital Structure

The Registrant's debt and capital lease obligations, net of cash and cash equivalents, decreased to $102 million at November 2, 2002, from $184 million at February 2, 2002. Shareholders' equity increased to $1,125 million at November 2, 2002 from $992 million at February 2, 2002 reflecting the strength of the ongoing businesses after the restructuring and repositioning of the Registrant's non-core businesses and discontinued segments through 2001. As a result of these improvements, the Registrant's net debt capitalization percent without operating leases improved to 8.3 percent at November 2, 2002 from 15.6 percent at February 2, 2002.

Based upon the negative return on its pension plans' assets to date in 2002, as well as the projected reduction in the discount rate used to value the benefit obligation, the Registrant estimates that an additional minimum liability adjustment will be charged to shareholders' equity in the fourth quarter of 2002. The Registrant expects this decline in shareholders' equity to be offset in part by net income for the fourth quarter of 2002. In addition, the Registrant expects to make a $50 million cash contribution to its U.S. pension plan in the first quarter of 2003 in advance of ERISA funding requirements.

On November 20, 2002, the Board of Directors declared a quarterly dividend on the Registrant's common stock of $0.03 per share. The dividend will be paid on January 31, 2003 to shareholders of record on January 17, 2003.

The Board of Directors also authorized a $50 million share repurchase program on November 20, 2002. The Registrant may make purchases of its common stock under this program over the next three years, from time to time, depending upon market conditions and other factors.

Management believes operating cash flows and current credit facilities will be adequate to finance its working capital requirements, pension plan contributions, the payment of quarterly dividends, its share repurchase program and to support the development of its other short-term and long-term strategies.

On March 29, 2002, Standard & Poor's increased the Registrant's credit rating to BB+ and on May 28, 2002, Moody's Investors Service upgraded its rating to Ba2.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which will be effective for fiscal years beginning after June 15, 2002, and the Registrant will adopt it as of the beginning of fiscal year 2003. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate can be made. The carrying amount of the related long-lived asset shall be increased by the same amount as the liability and that amount will be depreciated or amortized consistent with the underlying long-lived asset. The difference between the fair value and the value of the ultimate liability will be accreted over time using the credit-adjusted risk-free interest rate in effect when the liability is initially recognized. Asset retirement obligations of the Registrant could include structural alterations to store locations and equipment removal costs from distribution centers required by certain leases. The Registrant is currently evaluating SFAS No. 143 and does not expect its adoption to have a significant impact on its financial position and results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 amends other existing authoritative pronouncements to make various technical corrections, including that gains and losses from extinguishment of debt no longer be classified as extraordinary. The statement also eliminates an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. In addition, it requires that the original lessee under an operating lease agreement that becomes secondarily liable shall recognize the fair value of the guarantee obligation for all transactions occurring after May 15, 2002. The Registrant adopted SFAS No. 145 as of May 15, 2002, which did not have a material impact on its financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which will be effective for exit and disposal activities that are initiated after December 31, 2002. The statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The statement requires that the fair value of an initial liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred as opposed to when the entity commits to the exit plan, thereby eliminating the definition and requirements for recognition of exit costs, as is the guidance under EITF 94-3.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. All statements, other than statements of historical facts, which address activities, events or developments that the Registrant expects or anticipates will or may occur in the future, including, but not limited to, such things as future capital expenditures, expansion, strategic plans, dividend payments, stock re-purchases, growth of the Registrant's business and operations, including future cash flows, revenues and earnings, and other such matters are forward-looking statements. These forward-looking statements are based on many assumptions and factors including, but not limited to, the effects of currency fluctuations, customer demand, fashion trends, competitive market forces, uncertainties related to the effect of competitive products and pricing, customer acceptance of the Registrant's merchandise mix and retail locations, the Registrant's reliance on a few key vendors for a significant portion of its merchandise purchases (and on one key vendor for approximately 50 percent of its merchandise purchases), unseasonable weather, risks associated with foreign global sourcing, including political instability and changes in import regulations, economic conditions worldwide, the potential strike by the longshoremen's union against the Pacific Maritime Association and the ability of the Registrant to execute its business plans effectively with regard to each of its business units, including its plans for the marquee and launch footwear component of its business. Any changes in such assumptions or factors could produce significantly different results. The Registrant undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

Item 4. Disclosure Controls and Procedures

The Registrant's Principal Executive Officer and Principal Financial Officer have evaluated the effectiveness of the Registrant's disclosure controls and procedures, as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended, within the 90-day period prior to the filing of this report. Based on that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be included in this quarterly report has been made known to them in a timely fashion.

There have been no significant changes in the Registrant's internal controls, or in other factors that could significantly affect internal controls, subsequent to the date the Principal Executive Officer and the Principal Financial Officer completed their evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

(b) Reports on Form 8-K

A Form 8-K was filed on August 13, 2002 under Item 9, attaching copies of the sworn statements submitted to the Securities and Exchange Commission by Matthew D. Serra, the Principal Executive Officer, and Bruce L. Hartman, the Principal Financial Officer, of the Registrant pursuant to Securities and Exchange Commission Order No. 4-460.

SIGNATURE

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

FOOT LOCKER, INC.

(Registrant)

Date: December 16, 2002

/s/ Bruce L. Hartman

BRUCE L. HARTMAN
Executive Vice President
and Chief Financial Officer

CERTIFICATIONS

I, Matthew D. Serra, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Foot Locker, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report.

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

December 16, 2002

/s/ Matthew D. Serra

Principal Executive Officer

CERTIFICATIONS

I, Bruce L. Hartman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Foot Locker, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses;

December 16, 2002

/s/ Bruce L. Hartman

Principal Financial Officer

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

Exhibit No. in Item 601 of Regulation S-K	Description
12	Computation of Ratio of Earnings to Fixed Charges.
15	Letter re: Unaudited Interim Financial Statements.
99.1	Independent Accountants' Review Report.
99.2	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.3	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 12

FOOT LOCKER, INC.

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

	Thirty-nine weeks ended		Fiscal Year Ended				
	Nov. 2, 2002	Nov. 3, 2001	Feb. 2, 2002	Feb. 3, 2001	Jan. 29, 2000	Jan. 30, 1999	Jan. 31, 1998
NET EARNINGS							
Income from continuing operations	$114	$ 69	$111	$107	$ 59	$ 14	$185
Income tax expense (benefit)	61	39	64	69	38	(28)	104
Interest expense, excluding capitalized interest	25	27	35	41	65	57	41
Portion of rents deemed representative of the interest factor (1/3)	119	116	158	155	170	161	146
	$319	$251	$368	$372	$332	$ 204	$476
FIXED CHARGES							
Gross interest expense	$ 25	$ 27	$ 35	$ 42	$ 67	$ 64	$ 41
Portion of rents deemed representative of the interest factor (1/3)	119	116	158	155	170	161	146
	$144	$143	$193	$197	$237	$ 225	$187
RATIO OF EARNINGS TO FIXED CHARGES	2.2	1.8	1.9	1.9	1.4	0.9	2.5

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

EXHIBIT 15

Accountants' Acknowledgment

Foot Locker, Inc.
New York, New York

Board of Directors:

Re: Registration Statements Numbers 33-10783, 33-91888, 33-91886, 33-97832, 333-07215, 333-21131, 333-62425, 333-33120, 333-41056, 333-41058, 333-74688 and 333-99829 on Form S-8 and Numbers 33-43334, 33-86300 and 333-64930 on Form S-3.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 21, 2002 related to our review of interim financial information.

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

/s/ KPMG LLP
New York, New York
December 16, 2002

EXHIBIT 99.1

Independent Accountants' Review Report

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

We have reviewed the accompanying condensed consolidated balance sheets of Foot Locker, Inc. and subsidiaries as of November 2, 2002 and November 3, 2001, and the related condensed consolidated income statements and statements of comprehensive income and cash flows for the thirteen and thirty-nine week periods ended November 2, 2002 and November 3, 2001. These condensed consolidated financial statements are the responsibility of Foot Locker, Inc. management.

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

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

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

/s/ KPMG LLP
New York, New York
November 21, 2002

EXHIBIT 99.2

FOOT LOCKER, INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Foot Locker, Inc. (the "Registrant") for the quarterly period ended November 2, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Matthew D. Serra, as Chief Executive Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: December 16, 2002

/s/ Matthew D. Serra

Name: Matthew D. Serra
Title: Chief Executive Officer

EXHIBIT 99.3

FOOT LOCKER, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Foot Locker, Inc. (the "Registrant") for the quarterly period ended November 2, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bruce L. Hartman, as Chief Financial Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: December 16, 2002

/s/ Bruce L. Hartman

Name: Bruce L. Hartman
Title: Chief Financial Officer