

FOOT LOCKER, INC.
Form 11-K
June 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One):

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

For the fiscal year ended December 31, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-10299

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Foot Locker 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Foot Locker, Inc.

330 West 34th Street

New York, New York 10001

112 West 34th Street

New York, New York 10120

(Former address, if changed since last report)



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* Schedules required by Form 5500, which are not applicable, have been omitted.

Report of Independent Registered Public Accounting Firm

Foot Locker 401(k) Plan Administrator:

We have audited the accompanying statements of net assets available for benefits of the Foot Locker 401(k) Plan (the Plan) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The supplemental information in the accompanying schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's 2015 financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2015 is fairly stated in all material respects in relation to the 2015 financial statements as a whole.

/s/ KPMG LLP

New York, New York

June 27, 2016

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Foot Locker 401(k) Plan

Statements of Net Assets Available for Benefits

December 31, 2015 and 2014

	2015	2014
Assets:		
Investments, at fair value	\$ 238,500,090	\$ 222,760,311
Cash - non-interest bearing	157,363	16,651
	238,657,453	222,776,962
Notes receivable from participants	6,681,709	6,221,641
Receivables:		
Participant contributions	256,351	532,112
Employer contribution	2,976,317	2,755,538
Due from broker for securities sold	16,213	15,583
Total assets	248,588,043	232,301,836
Liabilities:		
Excess contributions payable to participants	112,297	93,944
Net assets available for benefits	\$ 248,475,746	\$ 232,207,892

See accompanying notes to financial statements.

Foot Locker 401(k) Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2015 and 2014

	2015	2014
Additions to net assets attributed to:		
Investment income:		
Net appreciation of investments	\$ 4,140,124	\$ 21,001,546
Dividends	4,646,994	4,667,550
Total investment income	8,787,118	25,669,096
Interest on notes receivable from participants	190,653	176,025
Contributions:		
Participants	19,644,203	17,996,235
Employer	2,976,317	2,755,538
Total contributions	22,620,520	20,751,773
Total additions	31,598,291	46,596,894
Deductions from net assets attributed to:		
Benefits paid to participants	14,557,645	18,196,353
Administrative fees	772,792	701,629
Total deductions	15,330,437	18,897,982
Net increase in net assets	16,267,854	27,698,912
Net assets available for benefits:		
Beginning of year	232,207,892	204,508,980
End of year	\$ 248,475,746	\$ 232,207,892

See accompanying notes to financial statements.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(1) Description of the Plan

The following description of the Foot Locker 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering generally all U.S. employees of Foot Locker, Inc. (the "Company" or the "Plan Sponsor") and its affiliates that adopt the Plan, with the exception of the employees whose primary place of employment is in Puerto Rico and are covered under another affiliate defined contribution plan. Eligible employees are those who have attained age twenty-one and completed one year of service consisting of at least 1,000 hours. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan became effective as of January 1, 1996.

(b) Contributions

The Plan provides for automatic revocable enrollment in the Plan at a contribution rate of 3% of pre-tax annual compensation, as defined, for participants who meet the eligibility requirements. The initial automatic enrollment percentage automatically increases each year in 1% increments up to a maximum of 5%. The maximum allowable salary reduction contribution by a participant is 40% of pre-tax annual compensation, as defined in the Plan document. Participants may elect to change their contribution rate and salary reduction agreement as often as daily. In accordance with the Internal Revenue Code ("IRC"), as amended, the maximum amount that a participant may contribute under the Plan is \$18,000 and \$17,500 for 2015 and 2014, respectively. Participants may also roll over certain amounts representing distributions from other qualified retirement plans prior to becoming eligible to participate in the Plan. However, additional contributions cannot be made until the completion of one year of service consisting of at least 1,000 hours. For any participant who (i) has completed 1,000 hours of service during the Plan year and is actively employed by the Company on the last day of the Plan year or (ii) during the Plan year, has died, has become disabled or retired on or after normal retirement age, the Company makes a matching contribution in an amount equal to 25% of the employees' pre-tax contributions on up to the first 4% of the employees' compensation (subject to certain

limitations). Matching contributions, at the Company's option, are made either in shares of the Company's common stock ("Foot Locker Shares") or in cash to be invested in Foot Locker Shares. Participants that are invested in the Foot Locker Stock Fund can diversify their matching contributions into any of the other investment options available under the Plan at any time. Matching contributions for 2015 were made entirely in cash. Matching contributions for 2014 were made entirely in Foot Locker Shares. The 2014 contribution was recorded at the closing price on the date of the Plan's year-end. Effective January 1, 2016, as approved by the Retirement Plan Committee at its meeting on October 19, 2015, the Plan was amended to provide that the Company's matching contributions will be made in cash and invested in accordance with the participants' investment elections, rather than made in Company common stock as a way to foster participant investment diversification. Additional contributions may be made at the discretion of the Company and are subject to certain limitations. No additional contributions were made for 2015 or 2014. Participants who have attained the age of 50 may make catch-up contributions of up to \$6,000 and \$5,500 in 2015 and 2014, respectively, as defined by the Plan. These contributions are not eligible for matching contributions by the Company.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(1) Description of the Plan - (continued)

(c) Participant Accounts

Each participant's account is credited with (a) the participant's contributions and allocations of the Company's matching contribution and (b) Plan net earnings, and reduced by (c) Plan net losses (including maintenance fees paid by the participant) and (d) loan initiation fees, when applicable. Allocations are based on participant's salary deferrals or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account balance.

(d) Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching contributions and earnings thereon is over a five-year period; a participant vests 20% per year beginning after the first year of vesting service and is fully vested for each annual matching contribution after five years of vesting service, as defined in the Plan document.

(e) Investment Options

Participants may change their investment options daily. Participants may elect to allocate up to 25% of their contributions to the Company's stock. In addition, each participant could direct his or her contributions to the following funds in 1% increments:

Northern Trust Focus Funds (age based) - Each Northern Trust Focus Fund invests in an array of underlying Northern Trust Funds, allowing the participant to invest in a mix of stocks, bonds, and capital preservation investments. Some of the underlying funds held by the Northern Trust Focus Funds invest in international securities, which involve risks such as currency fluctuations and economic and political instability.

Northern Trust Focus Income Fund - The fund seeks to provide current income for investors in retirement. The fund will employ a strategic asset allocation strategy which begins with an aggressive allocation and over time moves toward a more conservative allocation. The fund will invest primarily, but will not be limited to, in various equity, fixed income, real estate and short-term cash collective funds.

Baron Small Cap Fund - The fund seeks capital appreciation through long-term investments primarily in securities of small-sized growth companies. The fund intends that at least 80% of the fund's total assets are invested in the securities of small-sized growth companies. A small-sized growth company is defined as one having a market capitalization of under \$2.5 billion at the time of purchase.

Mainstay Large Cap Growth Fund - The fund seeks long-term growth of capital. The fund normally invests at least 80% of its assets in companies with market capitalization in excess of \$4.0 billion at time of purchase.

Northern Trust Collective All Country World Ex-US IMI Fund - The fund seeks to approximate the risk and return characteristics of the Morgan Stanley All Country World Ex-US Investable Market Index. This index is commonly used to represent the non-US equity developed and emerging markets.

Northern Trust Collective S&P 500 Index Fund - The fund seeks to approximate the risk and return characteristics of the S&P 500 Index. This index is commonly used to represent the large-cap segment of the U.S. equity market.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(1) Description of the Plan - (continued)

(e) Investment Options - (continued)

Goldman Sachs Small Cap Value Fund - The fund seeks long-term capital appreciation by investing, under normal circumstances, at least 80% of its assets in a diversified portfolio of equity investments in small-cap issuers with public stock market capitalizations within the range of the market capitalization of companies constituting the Russell 2000 Value Index. The fund invests in small and/or midsize companies.

Loomis Sayles Value Fund - The fund seeks long-term growth of capital and income. The fund primarily invests in equity securities of medium-sized and large-sized companies. The Plan exited this fund during 2015 and replaced it with the Dodge & Cox Stock Fund.

Dodge & Cox Stock Fund – The Plan entered into this fund during 2015. The fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income. The fund invests primarily in a diversified portfolio of equity securities. The fund will invest at least 80% of its total assets in equity securities including common stocks, depository receipts evidencing ownership of common stocks, preferred stocks, securities convertible into common stocks and securities that carry the right to buy common stocks.

Metropolitan West Total Return Bond Fund - The fund seeks to outperform the Barclays Capital Aggregate Index while maintaining overall risk similar to the index. Investments are made primarily in a diversified portfolio of investment grade, fixed-income securities of various types of bonds and other securities, and can include corporate bonds, notes, collateralized bond obligations, collateralized debt obligations, mortgage and other asset backed securities, bank loans, money-market securities, swaps, futures, options, credit-default swaps, private placements, municipal securities, and restricted securities.

Wells Fargo Stable Return Fund - The fund seeks safety of principal and consistency of returns with minimal volatility. The fund is for conservative investors seeking more income than money market funds and an expectation of less price fluctuation of stock or bond funds. The fund intends to be fully invested in book value investment

instruments and employs a broad diversification among contract issuers and underlying securities. The fund's returns will fluctuate with interest rates and market conditions.

Foot Locker Stock Fund – Participants may invest in Foot Locker Shares. Foot Locker Shares may be obtained directly from the Company out of its authorized but unissued shares of common stock or out of its treasury shares, or on the open market.

(f) Notes Receivable from Participants

Participants may borrow from their accounts, once each year, a minimum of \$1,000, up to a maximum equal to the lesser of \$50,000 or 50% of their total vested account balance (excluding matching contributions). At any time, only one loan may be outstanding per participant. Loan transactions are treated as transfers between the investment funds and the participant loans fund. Loan terms range up to 5 years, or up to 15 years for the purchase of a primary residence. The loans bear a rate of interest equal to the prime rate on the date of the loan distribution. Principal and interest is generally paid ratably through regular payroll deductions. Notes receivable from participants totaling \$6,681,709 and \$6,221,641 were outstanding at December 31, 2015 and 2014, respectively, bearing interest rates ranging from 3.25% to 8.00% at December 31, 2015 and 3.25% to 8.25% at December 31, 2014.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(1) Description of the Plan - (continued)

(g) Payment of Benefits

Participants are eligible for a distribution upon termination of service, death, disability, or retirement. A participant will receive a lump-sum amount equal to the fair market value of the participant's vested interest in his or her account. A participant may elect to have any investment in the Foot Locker Stock Fund distributed in either cash or Foot Locker Shares.

Participants are eligible for a distribution due to financial hardship under certain conditions in accordance with the Plan document. The amount of a hardship withdrawal may not exceed the cost associated with the financial hardship in addition to any mandatory federal income tax withholding, state and local income taxes, or penalties incurred.

(h) Administrative Fees

Included in administrative fees are amounts paid by participants for processing loans, administrative fees paid using forfeitures, and investment management fees. To the extent expenses of administering the Plan are not paid by the Plan, the expenses are paid by the Company and, therefore, are not included in the accompanying financial statements. For registered investment companies, investment advisers are reimbursed for costs incurred and receive a management fee for providing advisory services. These reimbursed costs and management fees are reflected in the net appreciation of investments on the statements of changes in net assets available for benefits.

(i) Forfeitures

Forfeitures of non-vested employer matching contributions are used to pay for administrative expenses of the Plan and then to reduce future matching contributions. Administrative expenses paid from forfeited non-vested accounts amounted to \$175,623 and \$167,532 in 2015 and 2014, respectively. At December 31, 2015 and 2014, forfeited

non-vested accounts totaled \$115,584 and \$68,762, respectively.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(2) Summary of Significant Accounting Policies – (continued)

(c) Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Investments in commingled funds are valued at the net asset value of units held by the Plan at year-end. Foot Locker Shares held within the Foot Locker Stock Fund and mutual funds are valued at the quoted market price. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Interest and dividend income earned from commingled funds are re-invested by the respective funds and are included in net appreciation of investments in the statements of changes in net assets available for benefits. Dividend income earned from the mutual funds and common stock is recorded as dividends in the statements of changes in net assets available for benefits. See Note 7 for a discussion of fair value measurements.

The Plan has an indirect investment in a fully benefit-responsive common collective trust through the Wells Fargo Stable Return Fund. This investment is reported at fair value, which approximates contract value. The Wells Fargo Stable Return Fund invests in investment contracts and security-backed contracts. An investment contract is a contract issued by a financial institution to provide a stated rate of return to the buyer of the contract for a specified period of time. A security-backed contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is a fixed-income security or portfolio of fixed-income securities; the second part is a contract value guarantee (wrapper) provided by a third party. Wrappers provide contract value payments for certain participant-initiated withdrawals and transfers, a floor crediting rate, and return of fully accrued contract value at maturity. There are no unfunded commitments or reserves as of December 31, 2015 and 2014.

(d) Notes Receivable from Participants

Notes receivable from participants are carried at their outstanding principal balances. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

(e) Payment of Benefits

Benefits are recorded when paid.

(f) Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRC are recorded as a liability with a corresponding reduction to participant contributions. The Plan distributed the 2015 excess contributions to the applicable participants prior to March 15, 2016.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(2) Summary of Significant Accounting Policies – (continued)

(g) Recent Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. ASU 2015-12 simplifies the required disclosures related to employee benefit plans. Part I eliminates the requirement to measure and disclose the fair value of fully benefit-responsive contracts. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirement to disclose individual investments which comprise 5% or more of total net assets available for benefits, as well as the net appreciation or depreciation of fair values by type. Part II also requires plans to continue to disaggregate investments that are measured using fair value by general type, however plans are no longer required to also disaggregate investments by nature, characteristics and risks. Furthermore, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III provides a practical expedient to permit plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with a month-end. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Plan did not early adopt Part II of ASU 2015-12, and Parts I and III do not apply to the Plan and will not be adopted.

Other recent accounting pronouncements issued by the FASB did not, or are not believed by management to, have a material effect on the Plan's financial statements.

(h) Reclassification

Certain prior year amounts have been reclassified to conform to the 2015 presentation.

(3) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and/or to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts.

(4) Tax Status

The Internal Revenue Service (“IRS”), the primary tax oversight body of the Plan, generally has the ability to examine the Plan activity for up to three prior years. On November 7, 2013, the Company received a favorable determination letter from the IRS with respect to the qualification of the Plan which expires on January 31, 2017. The Company believes that the Plan currently is designed and is being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015 and 2014, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(5) Risks and Uncertainties

The Plan offers a number of investment options, including participant investments in Foot Locker Shares. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

The Plan's exposure to a concentration of credit risk is limited by the diversification of investments across all participant-directed fund elections. Additionally, the investments within each participant-directed fund election are further diversified into varied financial instruments, with the exception of the Foot Locker Stock Fund, which invests in the securities of the Plan Sponsor. At December 31, 2015 and 2014, approximately 28% and 27% of the Plan's net assets were invested in the common stock of the Plan Sponsor. The underlying value of the common stock is entirely dependent upon the performance of Foot Locker, Inc. and the market's evaluation of such performance.

The Plan's investments include commingled funds that may directly or indirectly invest in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by sub-prime mortgage loans. The value, liquidity, and related income of these securities, including the Foot Locker Stock Fund, is sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

(6) Investments

The following investments represent five percent or more of the Plan's net assets:

	2015	2014
Northern Trust Collective S&P 500 Index Fund – 68,511 and 70,279 units, respectively	\$ 19,140,586	\$ 19,373,223
Dodge & Cox Stock Fund – 78,665 units	12,804,329	*

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Loomis Sayles Value Fund – 502,609 units	**	13,288,971
Mainstay Large Cap Growth Fund – 1,552,937 and 1,359,748 units, respectively	15,265,370	14,222,962
Northern Trust Focus 2045 Fund – 99,692 and 94,993 units, respectively	15,460,163	15,197,046
Northern Trust Focus 2050 Fund – 97,324 and 91,125 units, respectively	15,097,831	14,584,559
Wells Fargo Stable Return Fund – 307,357 and 258,583 units, respectively	15,693,672	13,022,242
Foot Locker Stock Fund – 1,074,752 and 1,099,619 shares, respectively	69,955,585	61,776,604

*The Plan entered into the Dodge & Cox Stock Fund during 2015.

** The Plan exited the Loomis Sayles Value Fund during 2015

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(6) Investments – (continued)

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$4,140,124 in 2015 and by \$21,001,546 in 2014, as follows:

	2015	2014
Commingled funds	\$ (2,191,363)	\$ 4,449,113
Mutual funds	(3,820,266)	(233,268)
Foot Locker Stock Fund	10,151,753	16,785,701
	\$ 4,140,124	\$ 21,001,546

(7) Fair Value Measurements

The Plan categorizes its financial assets into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument. Fair value is determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants exclusive of any transaction costs.

The Plan's financial assets recorded at fair value are categorized as follows:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers

are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in methodologies used at December 31, 2015 and 2014. There were no transfers between levels during 2015 and 2014. See footnote 2(c) for description of valuation methodologies for assets measured at fair value.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(7) Fair Value Measurements – (continued)

The following tables provide a summary, by level, of the Plan's financial assets that are measured at fair value on a recurring basis:

Description	Fair Value Measurements at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Commingled funds:				
Target date funds	\$ -	\$ 78,136,282	\$ -	\$ 78,136,282
Stable value fund	-	15,693,672	-	15,693,672
U.S. equity large cap blended fund (S&P 500 Index)	-	19,140,586	-	19,140,586
International equity funds	-	9,327,865	-	9,327,865
Mutual funds:				
U.S. equity large cap structured funds	28,069,699	-	-	28,069,699
U.S. equity small cap funds	10,817,647	-	-	10,817,647
Fixed-income fund	7,358,754	-	-	7,358,754
Common stock:				
Foot Locker Stock Fund	69,955,585	-	-	69,955,585
	\$ 116,201,685	\$ 122,298,405	\$ -	\$ 238,500,090

Fair Value Measurements at December 31, 2014

Description	Level 1	Level 2	Level 3	Total
Commingled funds:				
Target date funds	\$ -	\$ 73,958,361	\$ -	\$ 73,958,361
Stable value fund	-	13,022,242	-	13,022,242
U.S. equity large cap blended fund (S&P 500 Index)	-	19,373,223	-	19,373,223
International equity funds	-	9,400,701	-	9,400,701
Mutual funds:				
U.S. equity large cap structured funds	27,511,933	-	-	27,511,933
U.S. equity small cap funds	11,413,204	-	-	11,413,204
Fixed-income fund	6,304,043	-	-	6,304,043
Common stock:				

Foot Locker Stock Fund	61,776,604	-	-	61,776,604
	\$ 107,005,784	\$ 115,754,527	\$ -	\$ 222,760,311

(8) Related Party Transactions

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan, including the Company. Certain Plan investments are shares or units of various commingled funds which were managed by Mercer HR Services, LLC, the Plan's record keeper. In addition, Northern Trust Investments, N.A. serves as the custodian for certain commingled funds. The Plan invests in common stock of the Company and issues loans to participants.

Foot Locker 401(k) Plan

Notes to Financial Statements

December 31, 2015 and 2014

(9) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2015 and 2014 to Form 5500:

	2015	2014
Net assets available for benefits per the financial statements	\$248,475,746	\$232,207,892
Adjustment from contract value to fair value for indirect fully benefit responsive investment contracts	—	184,364
Net assets available for benefits per the Form 5500	\$248,475,746	\$232,392,256

The following is a reconciliation of net increase in net assets per the financial statements for the years ended December 31, 2015 and 2014 to net income per the Form 5500:

	2015	2014
Net increase in net assets per the financial statements	\$16,267,854	\$27,698,912
Current year adjustment from contract value to fair value for indirect fully benefit-responsive investment contracts	—	184,364
Prior year adjustment from contract value to fair value for indirect fully-benefit responsive investment contracts	(184,364)	(111,011)
Net income per the Form 5500	\$16,083,490	\$27,772,265

Supplemental Schedule

Foot Locker 401(k) Plan

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

as of December 31, 2015

(a) (b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d)	(e)
		Cost**	Current value
	Commingled Funds:		
* Northern Trust	Northern Trust Collective S&P 500 Index Fund 68,511 units	—	\$ 19,140,586
* Northern Trust	Northern Trust Collective All Country World Ex-US IMI Fund 85,490 units	—	9,327,865
* Northern Trust	Northern Trust Focus Income Fund 2,069 units	—	280,241
* Northern Trust	Northern Trust Focus 2010 Fund 1,436 units	—	201,766
* Northern Trust	Northern Trust Focus 2015 Fund 10,219 units	—	1,464,172
* Northern Trust	Northern Trust Focus 2020 Fund 30,052 units	—	4,394,207
* Northern Trust	Northern Trust Focus 2025 Fund 42,289 units	—	6,298,569
* Northern Trust	Northern Trust Focus 2030 Fund 43,959 units	—	6,673,893
* Northern Trust	Northern Trust Focus 2035 Fund 47,754 units	—	7,372,197
* Northern Trust	Northern Trust Focus 2040 Fund 64,943 units	—	10,067,514
* Northern Trust	Northern Trust Focus 2045 Fund 99,692 units	—	15,460,163
* Northern Trust	Northern Trust Focus 2050 Fund 97,324 units	—	15,097,831
* Northern Trust	Northern Trust Focus 2055 Fund 65,055 units	—	10,105,058
* Northern Trust	Northern Truth Focus 2060 Fund 7,324 units	—	720,671

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Wells Fargo	Wells Fargo Stable Return Fund	307,357 units	—	15,693,672
	Mutual Funds:			
Goldman Sachs	Goldman Sachs Small Cap Value Fund	113,085 units	—	5,641,826
Dodge & Cox	Dodge & Cox Stock Fund	78,665 units	—	12,804,329
Baron	Baron Small Cap Fund	179,903 units	—	5,175,821
Mainstay	Mainstay Large Cap Growth Fund	1,552,937 units	—	15,265,370
Metropolitan West	Metropolitan West Total Return Bond Fund	692,915 units	—	7,358,754
	Stock Fund:			
* Foot Locker, Inc.	Foot Locker Stock Fund	1,074,752 shares	—	69,955,585
	Loans:			
* Plan Participants	Notes receivable from participants	1,634 loans were outstanding at December 31, 2015, bearing interest at rates ranging from 3.25% - 8.00%, maturing through 2030	—	6,681,709
			\$	245,181,799

*Party-in-interest as defined by ERISA.

**Cost basis is not required for participant directed investments and therefore is not included.

See accompanying report of independent registered public accounting firm.

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Foot Locker 401(k) Plan

By: /s/ Lauren B. Peters
Lauren B. Peters
Executive Vice
President and
Chief Financial
Officer

Date: June 27, 2016

EXHIBIT INDEX

Exhibit No.	Description
	Consent of Independent Registered Public Accounting Firm
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