DAKTRONICS INC /SD/
Form 10-Q
March 04, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended January 29, 2011

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period From to .

Commission File Number: 0-23246

DAKTRONICS, INC.
(Exact name of Registrant as specified in its charter)

South Dakota	46-0306862
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

201 Daktronics Drive Brookings, SD	57006
(Address of principal executive offices)	(Zip Code)

(605) 692-0200
(Registrant's telephone number, including area code)

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 S No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer S
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No S

The number of shares of the registrant's common stock outstanding as of February 25, 2011 was 41,559,556.

DAKTRONICS, INC. AND SUBSIDIARIES
FORM 10-Q
For the Quarter Ended January 29, 2011

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Ex.	31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Ex.	31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Ex.	32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
Ex.	32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley

Act of 2002 (18 U.S.C. Section 1350).

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	January 29, 2011 (unaudited)	May 1, 2010 (note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$57,549	$63,603
Restricted cash	1,417	1,264
Marketable securities	16,869	-
Accounts receivable, less allowance for doubtful accounts	44,642	45,018
Inventories	46,875	35,673
Costs and estimated earnings in excess of billings	25,567	25,233
Current maturities of long-term receivables	4,720	6,232
Prepaid expenses and other assets	5,454	5,838
Deferred income taxes	10,612	12,578
Income tax receivables	8,583	7,444
Property and equipment available for sale	69	182
Total current assets	222,357	203,065
Advertising rights, net	731	1,348
Long-term receivables, less current maturities	13,695	13,458
Goodwill	3,334	3,323
Intangible and other assets	2,812	3,710
Deferred income taxes	64	62
	20,636	21,901
PROPERTY AND EQUIPMENT:		
Land	1,497	1,471
Buildings	55,308	55,353
Machinery and equipment	56,577	54,058
Office furniture and equipment	51,776	53,831
Equipment held for rental	1,316	1,630
Demonstration equipment	8,258	8,969
Transportation equipment	3,612	4,256
	178,344	179,568
Less accumulated depreciation	107,572	98,683
	70,772	80,885
TOTAL ASSETS	$313,765	$305,851

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(continued)
(in thousands, except share data)

	January 29, 2011 (unaudited)	May 1, 2010 (note 1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$26,685	$23,149
Accrued expenses and warranty obligations	36,350	33,443
Billings in excess of costs and estimated earnings	17,030	13,105
Customer deposits	12,364	9,348
Deferred revenue (billed or collected)	8,897	7,766
Current maturities of long-term debt and marketing obligations	310	322
Income taxes payable	876	361
Total current liabilities	102,512	87,494
Long-term marketing obligations, less current maturities	530	600
Long-term warranty obligations and other payables	4,572	4,229
Deferred income taxes	2,374	2,167
Long-term deferred revenue (billed or collected)	4,754	4,308
Total long-term liabilities	12,230	11,304
TOTAL LIABILITIES	114,742	98,798
SHAREHOLDERS' EQUITY:		
Common stock, no par value, authorized 120,000,000 shares; 41,582,406 and 41,063,219 shares issued at January 29, 2011 and May 1, 2010, respectively	32,541	29,936
Additional paid-in capital	20,431	17,731
Retained earnings	146,329	159,842
Treasury stock, at cost, 19,680 shares	(9)	(9)
Accumulated other comprehensive loss	(269)	(447)
TOTAL SHAREHOLDERS' EQUITY	199,023	207,053
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$313,765	$305,851

See notes to consolidated financial statements.

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	January 29, 2011	January 30, 2010	January 29, 2011	January 30, 2010
Net sales	$99,868	$72,406	$327,289	$301,221
Cost of goods sold	76,226	61,634	244,242	226,817
Gross profit	23,642	10,772	83,047	74,404
Operating expenses:				
Selling	12,148	13,155	37,084	40,411
General and administrative	6,047	6,523	17,259	19,016
Product design and development	4,673	5,155	13,787	16,558
Gain on insurance proceeds	-	(1,496)	-	(1,496)
Goodwill impairment	-	1,410	-	1,410
	22,868	24,747	68,130	75,899
Operating income (loss)	774	(13,975)	14,917	(1,495)
Nonoperating income (expense):				
Interest income	544	376	1,382	1,129
Interest expense	(41)	(38)	(118)	(149)
Other income (expense), net	557	(265)	818	(1,577)
Income (loss) before income taxes	1,834	(13,902)	16,999	(2,092)
Income tax expense (benefit)	3	(5,531)	5,718	(2)
Net income (loss)	$1,831	$(8,371)	$11,281	$(2,090)
Weighted average shares outstanding:				
Basic	41,534	41,004	41,341	40,862
Diluted	42,201	41,004	41,969	40,862
Earnings (loss) per share:				
Basic	$0.04	$(0.20)	$0.27	$(0.05)
Diluted	$0.04	$(0.20)	$0.27	$(0.05)
Cash dividend paid per share	$-	$-	$0.60	$0.095

See notes to consolidated financial statements.

DAKTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended	
	January 29, 2011	January 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$11,281	$(2,090)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	14,760	16,762
Amortization	220	236
Loss (gain) on sale of property and equipment	53	(993)
Stock-based compensation	2,595	2,491
Equity in losses of affiliates	36	1,532
Impairment of goodwill	-	1,410
Loss on sale of equity investee	-	230
Provision for doubtful accounts	(10)	(270)
Deferred income taxes, net	2,172	(554)
Change in operating assets and liabilities	6,267	19,059
Net cash provided by operating activities	37,374	37,813
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,595)	(12,945)
Purchases of marketable securities	(16,869)	-
Insurance recoveries on property and equipment	114	820
Proceeds from sale of property and equipment	195	-
Other investing activities, net	2,095	(1,241)
Net cash used in investing activities	(20,060)	(13,366)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	1,223	365
Excess tax benefits from stock-based compensation	106	60
Principal advances on long-term debt	(14)	(13)
Dividend paid	(24,794)	(3,874)
Net cash used in financing activities	(23,479)	(3,462)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	111	(180)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,054)	20,805
CASH AND CASH EQUIVALENTS:		
Beginning	63,603	36,501
Ending	$57,549	$57,306
Supplemental disclosures of cash flow information:		

Cash payments for:		
Interest	$101	$227
Income taxes, net of refunds	4,108	8,752
Supplemental schedule of non-cash investing and financing activities:		
Demonstration equipment transferred to inventory	774	1,062
Purchase of property and equipment included in accounts payable	276	993

See notes to consolidated financial statements.

DAKTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)
(unaudited)

Note 1. Basis of Presentation and Summary of Critical Accounting Policies

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present our financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts therein. Due to the inherent uncertainty involved in making estimates, actual results in future periods may differ from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The balance sheet at May 1, 2010 has been derived from the audited financial statements at that date, but it does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with our financial statements and notes thereto for the year ended May 1, 2010, which are contained in our Annual Report on Form 10-K previously filed with the Securities and Exchange Commission. The results of operations for the interim periods presented are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year.

Note 2. Recently Issued Accounting Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2009-13, which amends Accounting Standards Codification (ASC) 605-25, Revenue Recognition-Multiple-Element Arrangements. ASU 2009-13 provides principles for allocation of consideration among its multiple elements, allowing more flexibility in identifying and accounting for separate deliverables under an arrangement. ASU 2009-13 introduces an estimated selling price method for allocating revenue to the elements of a bundled arrangement if vendor-specific objective evidence or third-party evidence of selling price is not available, and it significantly expands related disclosure requirements. This standard is effective on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted and may be prospective or retrospective. We did not choose early adoption of this standard. We are currently assessing the impact of ASU 2009-13 on our consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements, which amends ASC 820, Fair Value Measurements and Disclosures. ASU 2010-06 adds new requirements for disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in level 3 fair value measurements, and (4) the transfers between levels 1, 2 and 3 fair value measurements. ASU 2010-06 was effective as of January 30, 2010 for our reporting, except for the requirement to provide the Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years, which we adopted on May 2, 2010. In the period of initial adoption, entities are not required to provide the amended disclosures for any previous periods presented for comparative purposes. However, those disclosures are required for periods ending after initial adoption. We adopted the additional disclosures required for all levels of fair value measurements (see Note 10).

In July 2010, the FASB issued ASU 2010-20, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. ASU 2010-20 is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The disclosures are required for periods ending on or after December 15, 2010. The amendments in ASU 2010-20 encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. We adopted ASU 2010-20 in the third quarter of fiscal 2011. The adoption of ASC 2010-20 did not have a material impact on our consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts (Topic 350)—Intangibles—Goodwill and Other. ASU 2010-28 amends the criteria for performing Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts and requires performing Step 2 if qualitative factors indicate that it is more likely than not that a goodwill impairment exists. We will adopt ASU 2010-28 in fiscal 2012, and any impairment to be recorded upon adoption will be recognized as an adjustment to our beginning retained earnings. We are currently evaluating the impact of the pending adoption of ASU 2010-28 on our consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, Business Combinations (Topic 805) — Disclosure of Supplementary Pro Forma Information for Business Combinations. This update clarifies that, when presenting comparative financial statements, registrants should disclose revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 is effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010 with early adoption permitted. ASU 2010-29 will be effective for us for acquisitions we make after the beginning of fiscal 2012.

Note 3. Earnings Per Share ("EPS")

Basic EPS is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that would occur if securities or other obligations to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in our earnings.

The following is a reconciliation of the income and common stock share amounts used in the calculation of basic and diluted EPS for the three and nine months ended January 29, 2011 and January 30, 2010:

	Net Income		Shares	Per Share Amount	
For the three months ended January 29, 2011:					
Basic earnings per share	$	1,831	41,534	$	0.04
Dilution associated with stock compensation plans		-	667		-
Diluted earnings per share	$	1,831	42,201	$	0.04
For the three months ended January 30, 2010:					
Basic earnings (loss) per share	$	(8,371)	41,004	$	(0.20)
		- -			-

Dilution associated with stock compensation plans					
Diluted earnings (loss) per share	$	(8,371)	41,004	$	(0.20)
For the nine months ended January 29, 2011:					
Basic earnings per share	$	11,281	41,341	$	0.27
Dilution associated with stock compensation plans		-	628		-
Diluted earnings per share	$	11,281	41,969	$	0.27
For the nine months ended January 30, 2010:					
Basic earnings(loss) per share	$	(2,090)	40,862	$	(0.05)
Dilution associated with stock compensation plans		- -		-	
Diluted earnings (loss) per share	$	(2,090)	40,862	$	(0.05)

Options outstanding to purchase 773 shares of common stock with a weighted average exercise price of $25.88 for the three months ended January 29, 2011 and 3,464 shares of common stock with a weighted average exercise price of $12.89 for the three months ended January 30, 2010 were not included in the computation of diluted earnings per share because the effects would be anti-dilutive.

Options outstanding to purchase 1,658 shares of common stock with a weighted average exercise price of $18.49 for the nine months ended January 29, 2011 and 3,464 shares of common stock with a weighted average exercise price of $12.89 for the nine months ended January 30, 2010 were not included in the computation of diluted earnings per share because the effects would be anti-dilutive.

Note 4. Goodwill

The changes in the carrying amount of goodwill related to each reportable segment for the nine months ended January 29, 2011 were as follows:

		Live Events		Commercial		Transportation		Total Goodwill
Balance as of May 1, 2010	$	2,421	$	735	$	167	$	3,323
Foreign currency translation		6		4		1		11
Balance as of January 29, 2011	$	2,427	$	739	$	168	$	3,334

We perform an analysis of goodwill on an annual basis as of the first business day of our third quarter of each year and more frequently if circumstances warrant. We performed this analysis as of October 31, 2010. The result of this analysis indicated that no goodwill impairment existed as of that date.

We performed an additional goodwill impairment test as of January 31, 2010 due to revisions in our forward-looking 12 month forecast during the month of January 2010, which indicated lower than expected order bookings and increased near-term uncertainty, primarily in our Live Events business unit, the significance of orders being delayed in all business units and the decline in our stock price. Based on our test, we determined that the goodwill associated with the Schools and Theatres business unit of $685 and the goodwill associated with our International business unit

of $725 were impaired.

We face a number of risks to our business which can adversely impact cash flows in each of our business units and cause a significant decline in fair value of each business unit. This decline could lead to an impairment of goodwill to some or all of our business units. Because the fair values of the business units are based in part on the market price of our common stock, a significant decline in the market price of our stock may lead to an impairment. Furthermore, if orders and sales were to worsen materially and we were unable to respond in ways that preserve future cash flows, an impairment may occur regardless of the market price of our common stock. As of October 31, 2010, the date of our last analysis, the fair value of each business unit significantly exceeded its respective carrying values.

Note 5. Inventories

Inventories consist of the following:

	January 29, 2011	May 1, 2010
Raw materials	$ 19,870	$ 13,396
Work-in-process	9,707	4,785
Finished goods	16,121	16,077
Finished goods subject to deferred revenue arrangements	1,177	1,415
	$ 46,875	$ 35,673

Finished goods subject to deferred revenue arrangements represent inventory provided to customers on a trial basis and contain contractual provisions which make a purchase probable.

Note 6. Segment Disclosure

We organized our business into five business units which meet the definition of reportable segments under ASC 280-10, Segment Reporting: the Commercial segment, the Live Events segment, the Schools and Theatres segment, the Transportation segment, and the International segment.

Our Commercial segment primarily consists of sales of our video, Galaxy® and Valo™ product lines to resellers (primarily sign companies), outdoor advertisers, national retailers, quick-serve restaurants, casinos and petroleum retailers. Our Live Events segment primarily consists of sales of integrated scoring and video display systems to college and professional sports facilities and convention centers and sales of our mobile PST display technology to video rental organizations and other live events type venues. Our Schools and Theatres segment primarily consists of sales of scoring systems, Galaxy® displays and video display systems to primary and secondary education facilities and sales of our Vortek® automated rigging systems for theatre applications. Our Transportation segment primarily consists of sales of our Vanguard® and Galaxy® product lines to governmental transportation departments, airlines and other transportation related customers. Finally, our International segment primarily consists of sales of all product lines to geographies outside the United States and Canada.

Segment reports present results through contribution margin, which is comprised of gross profit less selling costs. Segment profit excludes general and administration expense, product development expense, interest income and expense, non-operating income and income tax expense. Assets are not allocated to the segments. Depreciation and amortization, excluding that portion related to non-allocated costs, are allocated to each segment based on various

financial measures. In general, segments follow the same accounting policies as those described in Note 1. Costs of domestic field sales and services infrastructure, including most field administrative staff, are allocated to the Commercial, Live Events and Schools and Theatres segments based on cost of sales. Shared manufacturing, building and utilities and procurement costs are allocated based on payroll dollars, square footage and various other financial measures.

We do not maintain information on sales by products and, therefore, disclosure of such information is not practical.

The following table sets forth certain financial information for each of our five operating segments for the periods indicated:

	Three Months Ended		Nine Months Ended	
	January 29, 2011	January 30, 2010	January 29, 2011	January 30, 2010
Net Sales:				
Commercial	$ 28,750	$ 20,903	$ 83,760	$ 69,011
Live Events	36,138	22,773	120,846	125,617
Schools & Theatres	11,672	12,325	49,671	49,526
Transportation	11,063	8,087	30,091	31,307
International	12,245	8,318	42,921	25,760
	$ 99,868	$ 72,406	$ 327,289	$ 301,221
Contribution Margin:				
Commercial	$ 3,423	$ (885)	$ 10,272	$ 3,484
Live Events	2,837	(2,556)	14,183	17,676
Schools & Theatres	734	(408)	7,244	4,247
Transportation	2,199	852	6,676	7,101
International	2,301	614	7,588	1,485
	11,494	(2,383)	45,963	33,993
Non-Allocated Operating Expenses:				
General & administrative	6,047	6,523	17,259	19,016
Product development	4,673	5,155	13,787	16,558
Gain on insurance proceeds	-	(1,496)	-	(1,496)
Goodwill impairment	-	1,410	-	1,410
Operating income (loss)	774	(13,975)	14,917	(1,495)
Nonoperating income (expense):				
Interest income	544	376	1,382	1,129
Interest expense	(41)	(38)	(118)	(149)
Other income (expense), net	557	(265)	818	(1,577)
Income (loss) before income taxes	1,834	(13,902)	16,999	(2,092)
	3	(5,531)	5,718	(2)

Income tax expense (benefit)				
Net income (loss)	$ 1,831	$ (8,371)	$ 11,281	$ (2,090)
Depreciation and amortization:				
Commercial	$ 1,743	$ 1,794	$ 5,104	$ 5,443
Live Events	1,614	1,905	4,790	5,641
Schools & Theatres	658	713	2,001	2,163
Transportation	391	449	1,102	1,360
International	210	325	656	765
Unallocated corporate depreciation	435	1,217	1,327	1,626
	$ 5,051	$ 6,403	$ 14,980	$ 16,998

No single geographic area comprises a material amount of net sales or long-lived assets other than the United States. The following table presents information about us in the United States and elsewhere:

	United States	Others	Total
Net sales for three months ended:			
January 29, 2011	$ 83,668	$ 16,200	$ 99,868
January 30, 2010	62,902	9,504	72,406
Net sales for nine months ended:			
January 29, 2011	$ 275,429	$ 51,860	$ 327,289
January 30, 2010	270,521	30,700	301,221
Long-lived assets at:			
January 29, 2011	$ 69,023	$ 1,749	$ 70,772
May 1, 2010	78,465	2,420	80,885

We are not economically dependent on a limited number of customers for the sale of our products and services because we have numerous customers world-wide. We are not economically dependent on a limited number of suppliers for our inventory items because we have numerous suppliers world-wide.

Note 7. Comprehensive Income

We follow the provisions of ASC 220, Reporting Comprehensive Income, which establishes standards for reporting and displaying comprehensive income and its components. Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For us, comprehensive income represents net income adjusted for foreign currency translation and net gains and losses on derivative instruments. The foreign currency translation adjustment included in comprehensive income has not been tax affected, as the investments in foreign affiliates are deemed to be permanent. In accordance with ASC 220, we have chosen to disclose comprehensive income in the consolidated statement of shareholders’ equity on an annual basis.

A summary of comprehensive income is as follows:

	Nine Months Ended	
	January 29, 2011	January 30, 2010
Net income (loss)	$ 11,281	$ (2,090)
Net foreign currency translation adjustment	168	(2)
Unrealized gain on derivatives	13	-
Unrealized gain (loss) on available for sale securities	(3)	-
Total comprehensive income (loss)	$ 11,459	$ (2,092)

Note 8. Commitments and Contingencies

Litigation: We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, based upon consultation with legal counsel, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial statements.

Guarantees: In connection with the sale of equipment to a financial institution, we entered into a contractual arrangement whereby we agreed to repurchase equipment at the end of the lease term at a fixed price of approximately $1,100. We have recognized a guarantee liability in the amount of $200 under the provisions of ASC 460, Guarantees, in the accompanying financial statements.

Warranties: We offer a standard parts coverage warranty for periods varying from one to five years for all of our products. We also offer additional types of warranties that include on-site labor, routine maintenance and event support. In addition, the terms of warranties on some installations can vary from one to 10 years. The specific terms and conditions of these warranties vary primarily depending on the type of the product sold. We estimate the costs that may be incurred under the warranty and record a liability in the amount of such costs at the time the revenue is recognized. Factors that affect our warranty liability include historical and anticipated claims costs. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary to reflect our best estimate of expected costs of warranty claims.

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Changes in our product warranties for the nine months ended January 29, 2011 consisted of the following:

	Amount
Beginning accrued warranty costs	$ 18,866
Warranties issued during the period	6,747
Settlements made during the period	(10,813)
Changes in accrued warranty costs for pre-existing warranties during the period, including expirations	6,106
Ending accrued warranty costs	$ 20,906

Leases: We lease office space for various sales and service locations throughout the world, manufacturing space in the United States and China, and various equipment, primarily office equipment. Some of these leases, including the lease for manufacturing facilities in Sioux Falls, South Dakota, include provisions for extensions or purchase. The lease for the facilities in Sioux Falls, South Dakota can be extended for an additional three years past its current term, which ends December 31, 2016, and contains an option to purchase the property subject to the lease from January 1, 2015 to December 31, 2016 for $8,400. If the lease is extended, the purchase option increases to $8,600 for the year ending December 31, 2017 and $8,800 for the year ending December 31, 2018. Rental expense for operating leases was $2,632 and $2,814 for the nine months ended January 29, 2011 and January 30, 2010, respectively. Future

minimum payments under noncancelable operating leases, excluding executory costs such as management and maintenance fees, with initial or remaining terms of one year or more consisted of the following at January 29, 2011:

Fiscal years ending	Amount
2011	$ 834
2012	2,889
2013	2,019
2014	1,514
2015	1,246
Thereafter	1,865
Total	$ 10,367

Purchase commitments: From time to time, we commit to purchase inventory and advertising rights over periods that extend beyond a year. As of January 29, 2011, we were obligated to purchase inventory and advertising rights through fiscal 2014 as follows:

Fiscal years ending	Amount
2011	$ 109
2012	1,296
2013	2,276
2014	760
Total	$ 4,441

In October 2009, our subsidiary Star Circuits, Inc., which produces circuit boards for use in our products, had a fire which damaged or destroyed its key production equipment and building mechanical and structural components. Operations were stopped in this facility until new equipment was installed and the build out was completed in another building in the fourth quarter of fiscal 2010. Our insurance coverages entitled us to receive payments for business interruption, as well as recoveries for damage to the building and equipment as a result of the fire. The total extent of the property damage and other expected costs to rebuild and cover losses are estimated to be approximately $3,340. This estimate is subject to change based on the final insurance settlement and analysis of losses.

During the fourth quarter of fiscal 2010, we received $3,213 in insurance proceeds related to this incident. Insurance proceeds to reimburse costs to reconstruct the facility, replace manufacturing equipment, supplies and contents resulted in gains of $1,496 for the quarter ended January 30, 2010, or $0.04 per share, net of taxes. Additionally, in the third quarter of fiscal 2010, we recorded $512 in business interruption reimbursements for extra expenses incurred during the non-operating period. At January 30, 2010, approximately $2,351 was included in accounts receivable for insurance reimbursements.

Note 9. Income Taxes

As of January 29, 2011, we did not have material unrecognized tax benefits that would affect our effective tax rate if recognized. We recognize interest and penalties related to income tax matters in income tax expense. We do not expect our unrecognized tax benefits to change significantly over the next 12 months.

We are subject to U.S. Federal income tax as well as income taxes of multiple state jurisdictions. As a result of the completion of exams by the Internal Revenue Service on prior years and the expiration of statutes of limitations, fiscal years 2008, 2009 and 2010 are the only years remaining open under statutes of limitations. Certain subsidiaries are also subject to income tax in foreign jurisdictions which have open tax years varying by jurisdiction extending back to 2004. We operate under a tax holiday in China that will expire in fiscal 2012. At this time, we are unable to predict how the expiration of the tax holiday will impact us in the future.

During the third quarter of fiscal 2011, the President signed into law a reinstatement of the research and development tax credit, retroactively to January 1, 2010. As a result, we recognized in the third quarter of fiscal 2011 approximately $686 in benefits for the credit for the ten months preceding the third quarter of fiscal 2011.

Note 10. Fair Value Measurement

ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer the liability (an exit price) in an orderly transaction between market participants. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy within ASC 820 distinguishes between three levels of inputs that may be utilized when measuring fair value, consisting of level 1 inputs (using quoted prices in active markets for identical assets or liabilities), level 2 inputs (using inputs other than level 1 prices, such as quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability), and level 3 inputs (unobservable inputs supported by little or no market activity based on our own assumptions used to measure assets and liabilities). A financial asset's or liability's classification within this hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The fair values for fixed-rate contracts receivable are estimated using discounted cash flow analyses based on interest rates currently being offered for contracts with similar terms to customers with similar credit quality. The carrying amounts reported on our consolidated balance sheets for contracts receivable approximate fair value. The carrying amounts reported for variable rate long-term marketing obligations approximate fair value. Fair values for fixed-rate long-term marketing obligations are estimated using a discounted cash flow calculation that applies interest rates currently being offered for debt with similar terms and underlying collateral. The total carrying value of long-term marketing obligations reported on our consolidated balance sheets approximates fair value.

The following table sets forth by level within the fair value hierarchy, our financial assets that were accounted for at fair value on a recurring basis at January 29, 2011 and May 1, 2010 according to the valuation techniques we used to determine their fair values. There have been no transfers of assets between the fair value hierarchies presented.

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
January 29, 2011:				
Cash and cash equivalents	$ 57,549	$ -	$ -	$ 57,549
Restricted cash	1,417	-	-	1,417
Available for sale securities:				
Certificates of deposit	-	2,941	-	2,941
U.S. Treasury Bills	7,024	-	-	7,024
U.S. Government sponsored entities	-	5,060	-	5,060
Municipal obligations	-	1,889	-	1,889
Derivatives:				
Currency forward contracts	-	26	-	26
	$ 65,990	$ 9,916	$ -	$ 75,906

May 1, 2010:								
Cash and cash equivalents	$	63,603	$	-	$	-	$	63,603
Restricted cash		1,264		-		-		1,264
	$	64,867	$	-	$	-	$	64,867

The following methods and assumptions were used to estimate the fair value of each class of financial instrument. There have been no changes in the valuation techniques used by us to value our financial instruments.

Cash and Cash equivalents. Consists of cash on hand in bank deposits and highly liquid investments, primarily money market accounts. The fair value was measured using quoted market prices and is classified as Level 1. The carrying amount approximates fair value.

Restricted Cash. Consists of cash and cash equivalents that are held in bank deposit accounts to secure issuances of foreign bank guarantees. The carrying amount approximates fair value and is classified as Level 1.

Certificates of deposit. Consists of time deposit accounts with original maturities of less than three years and various yields. The carrying amount approximates fair value and is classified as Level 2.

U.S. Treasury Bills. Consists of U.S. Government treasury bills with original maturities of less than three years and various yields. The fair value of these securities was measured using quoted market prices in active markets and is classified as Level 1.

U.S Government sponsored entities. Consist of Fannie Mae and Federal Home Loan Bank investment grade debt securities that trade with sufficient frequency and volume to enable us to obtain pricing information on an ongoing basis. The fair value of these securities was measured based on quoted fair market value of the securities and is classified as Level 2. The contractual maturities of these investments vary from one month to three years.

Municipal obligations. Consist of investment grade municipal bonds that trade with sufficient frequency and volume to enable us to obtain pricing information on an ongoing basis. The fair value of these bonds was measured based on quoted fair market value of the bonds and is classified as Level 2. The contractual maturities of these investments vary from two to three years.

The fair value measurement standard also applies to certain nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis. For example, certain long-lived assets such as goodwill, intangible assets and property, plant and equipment are measured at fair value in connection with business combinations or when an impairment is recognized and the related assets are written down to fair value. We did not make any material business combinations during the first nine months of fiscal 2011 or fiscal 2010. Other than impairment of goodwill in fiscal 2010, as described in Note 4, no material impairments of our long-lived assets were recognized during the first nine months of fiscal 2011 or fiscal 2010.

Note 11. Investments in Affiliates

We have a variable interest in Outcast Media International, Inc. (“Outcast”). Outcast operates the largest pumptop display network in the United States. The results of the variable interest analysis we completed indicated that we are not the primary beneficiary of this variable interest entity and, as a result, we are not required to consolidate it. Our analysis included reviewing the amount of financial support, equity at risk, and board influence. Our interest in Outcast consists of a 37% equity interest and convertible debt of approximately $612. As of May 1, 2010, we had

written down our equity investment and convertible debt to zero.

During the first quarter of fiscal 2011, we entered into an arrangement whereby we restructured certain obligations we had related to Outcast. The result of these restructurings required us to advance an additional $1,900 to settle certain obligations in exchange for a note for that amount, plus other debt owed by Outcast. This note was paid in full in the third quarter of fiscal 2011, which resulted in a gain of approximately $605 related to recoveries of previously written off amounts and interest owed not previously recognized. As of January 29, 2011, we no longer have any material obligations related to Outcast.

Note 12. Marketable Securities

We have a cash management program which provides for the investment of cash balances not to be used in current operations. We classify our investments in marketable securities as available-for-sale in accordance with the provisions of ASU 320, Investments – Debt and Equity Securities. Marketable securities classified as available-for-sale are reported at fair value with unrealized gain or loss, net of tax, reported in other comprehensive income. All available-for-sale securities are classified as current assets as they are readily available to support our current operating needs. Unrealized losses considered to be "other-than-temporary" are recognized currently in earnings. The cost of securities sold is based on the specific identification method. Where quoted market prices are not available, we use the market price of similar types of securities that are traded in the market to estimate fair value. As of January 29, 2011 and May 1, 2010, our available-for-sale securities consisted of the following:

	Cost	Fair Value	Carrying Value	Unrealized Gain (Loss)
May 1, 2010:	$ -	$ -	$ -	$ -
January 29, 2011:				
Certificates of deposit	$ 2,940	$ 2,941	$ 2,941	$ -
U.S. Government sponsored entities	12,000	12,084	12,084	2
Municipal obligations	1,750	1,889	1,889	(5)
	$ 16,690	$ 16,914	$ 16,914	$ (3)

The contractual maturities of available-for-sale debt securities as of January 29, 2011 were as follows:

	Less than 12 months	Greater than 12 months	Total
Certificates of deposit	$ 2,941	$ -	$ 2,941
U.S. Government sponsored agencies	6,059	6,025	12,084
Municipal obligations	-	1,889	1,889
	$ 9,000	$ 7,914	$ 16,914

Note 13. Financing Receivables

We sell our products throughout the United States and certain foreign countries on credit terms that we establish for each customer. On the sale of certain products, we have the ability to file a contractor's lien against the product installed as collateral. Foreign sales are at times secured by irrevocable letters of credit or bank guarantees.

Accounts receivable are reported net of an allowance for doubtful accounts. In connection with certain sales transactions, we have entered into sales contracts with installment payments exceeding six months and sales type leases. The present value of these contracts and leases is recorded as a receivable upon the installation and acceptance of the equipment, and profit is recognized to the extent that the present value is in excess of cost. We generally retain a security interest in the equipment or in the cash flow generated by the equipment until the contract is paid.

We make estimates regarding the collectability of our accounts receivable, long-term receivables, costs and estimated earnings in excess of billings and other receivables. In evaluating the adequacy of our allowance for doubtful accounts, we analyze specific balances, customer creditworthiness, changes in customer payment cycles, and current economic trends. If the financial condition of any customer was to deteriorate, resulting in an impairment of its ability to make payments, additional allowances may be required. We charge off receivables at such time as it is determined that collection will not occur. Charge offs of receivables and our allowance for doubtful accounts related to financing receivables are not material to our financial results.

Note 14. Derivative Financial Instruments

We utilize derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates on those transactions that are denominated in currency other than our functional currency, which is the U.S. dollar. We enter into currency forward contracts to manage these economic risks. In accordance with ASC Topic 815, Accounting for Derivative Instruments and Hedging Activities, we recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in the fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in accumulated other comprehensive gain (loss) until the hedged item is recognized in earnings.

To protect against the reduction in value of forecasted foreign currency cash flows resulting from export sales, we have instituted a foreign currency cash flow hedging program. We hedge portions of our forecasted revenue denominated in foreign currencies with forward contracts. When the dollar strengthens significantly against the foreign currencies, the decline in value of future foreign currency revenue is offset by gains in the value of the forward contracts designated as hedges. Conversely, when the dollar weakens, the increase in the value of future foreign currency cash flows is offset by losses in the value of the forward contracts. During the nine months ended January 29, 2011, we assessed all hedges to be effective and recorded changes of value in other comprehensive income. The fair value of all derivatives is approximately $26 as of January 29, 2011 and is included in prepaid expenses and other assets in the consolidated balance sheets.

As of January 29, 2011, we expect to reclassify $13 of net gains on derivative instruments from accumulated other comprehensive income to earnings during the next 12 months due to actual sales.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (including exhibits and any information incorporated by reference herein) contains both historical and forward-looking statements that involve risks, uncertainties and assumptions. The statements contained in this report that are not purely historical are forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, beliefs, intentions and strategies for the future. These statements appear in a number of places in this Report and include all statements that are not historical statements of fact regarding our intent, belief or current expectations with respect to, among other things: (i) our financing plans; (ii) trends affecting our financial condition or results of operations; (iii) our growth strategy and operating strategy; (iv)

the declaration and payment of dividends; (v) the timing and magnitude of future contracts; (vi) parts shortages and longer lead times; (vii) fluctuations in margins; and (viii) the introduction of new products and technology. The words "may," "would," "could," "should," "will," "expect," "estimate," "anticipate," "believe," "intend," "plans" and similar e variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, many of which are beyond our ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors discussed herein, including those discussed in detail in our filings with the Securities and Exchange Commission, including in our Annual Report on Form 10-K for the fiscal year ended May 1, 2010 in the section entitled "Item 1A. Risk Factors."

The following discussion highlights the principal factors affecting changes in financial condition and results of operations. This discussion should be read in conjunction with the accompanying consolidated financial statements and notes to the consolidated financial statements.

The following discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On a regular basis, we evaluate our estimates, including those related to estimated total costs on long-term construction-type contracts, estimated costs to be incurred for product warranties and extended maintenance contracts, bad debts, excess and obsolete inventory, income taxes, stock-based compensation and contingencies. Our estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

OVERVIEW

We design, manufacture and sell a wide range of display systems to customers in a variety of markets throughout the world. We focus our sales and marketing efforts on markets, geographical regions and products. The primary five markets consist of Live Events, Commercial, Schools and Theatres, International and Transportation.

Our net sales and profitability historically have fluctuated due to the impact of large product orders, such as display systems for professional sports facilities and colleges and universities, as well as the seasonality of the sports market. Net sales and gross profit percentages also have fluctuated due to other seasonality factors, including the impact of holidays, which primarily affects our third quarter. Our gross margins on large product orders tend to fluctuate more than those for smaller standard orders. Large product orders that involve competitive bidding and substantial subcontract work for product installation generally have lower gross margins. Although we follow the percentage of completion method of recognizing revenues for large custom orders, we nevertheless have experienced fluctuations in operating results and expect that our future results of operations will be subject to similar fluctuations.

Orders are booked and included in backlog only upon receipt of a firm contract and after receipt of any required deposits. As a result, certain orders for which we have received binding letters of intent or contracts will not be booked until all required contractual documents and deposits are received. In addition, order bookings can vary significantly as a result of the timing of large orders.

We operate on a 52 to 53 week fiscal year, with our fiscal year ending on the Saturday closest to April 30 of each year. When April 30 falls on a Wednesday, the fiscal year ends on the preceding Saturday. Fiscal 2011 and fiscal

2010 each contains 52 weeks. Within each fiscal year, each quarter is comprised of 13 week periods following the beginning of each fiscal year. In each 53 week year, each of the last three quarters is comprised of a 13 week period, and an additional week is added to the first quarter of that fiscal year.

For a summary of recently issued accounting pronouncements and the effects of those pronouncements on our financial results, refer to Note 2 of the notes to our consolidated financial statements, which are included elsewhere in this report.

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RESULTS OF OPERATIONS

The following table sets forth the percentage of net sales represented by items included in our Consolidated Statements of Operations for the periods indicated:

	Three Months Ended		Nine Months Ended	
	January 29, 2011	January 30, 2010	January 29, 2011	January 30, 2010
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	76.3 %	85.1 %	74.6 %	75.3 %
Gross profit	23.7 %	14.9 %	25.4 %	24.7 %
Operating expenses	22.9 %	34.2 %	20.8 %	25.2 %
Operating income (loss)	0.8 %	(19.3)%	4.6 %	(0.5)%
Interest income	0.5 %	0.5 %	0.4 %	0.3 %
Interest expense	- %	- %	- %	- %
Other income (expense), net	0.5 %	(0.4)%	0.2 %	(0.5)%
Income before income taxes	1.8 %	(19.2)%	5.3 %	(0.7)%
Income tax expense (benefit)	- %	(7.6)%	1.8 %	- %
Net income (loss)	1.8 %	(11.6)%	3.5 %	(0.7)%

NET SALES

The following table sets forth net sales and orders by business unit for the periods indicated (dollars in thousands):

	Three Months Ended			Nine Months Ended		
	January 29, 2011		January 30, 2010	January 29, 2011		January 30, 2010
Net Sales:	Amount	Percent Change	Amount	Amount	Percent Change	Amount
Commercial	$ 28,750	37.5 %	$ 20,903	$ 83,760	21.4 %	$ 69,011
Live Events	36,138	58.7	22,773	120,846	(3.8)	125,617
Schools & Theatres	11,672	(5.3)	12,325	49,671	0.3	49,526
Transportation	11,063	36.8	8,087	30,091	(3.9)	31,307
International	12,245	47.2	8,318	42,921	66.6	25,760
	$ 99,868	37.9 %	$ 72,406	$ 327,289	8.7 %	$ 301,221
Orders:						
Commercial	$ 25,772	17.7 %	$ 21,892	$ 84,484	28.9 %	$ 65,554
Live Events	46,797	45.0	32,280	110,798	(2.6)	113,729

Schools & Theatres		12,171	18.4			10,280		47,773	(0.6)		48,076
Transportation		11,416	21.4			9,403		32,452	27.4		25,473
International		8,993	4.2			8,628		48,683	50.6		32,336
	$	105,149	27.5	%	$	82,483	$	324,190	13.7 %	$	285,168

Commercial Business Unit. The Commercial business unit is comprised of the reseller and national account business, which includes primarily our Galaxy® displays and large custom contracts for commercial facilities, and the outdoor advertising business, which is primarily sales of our digital billboard technology to outdoor advertising companies.

For the third quarter of fiscal 2011 and for the first nine months of fiscal 2011, net sales in the outdoor advertising business were up 101% and 37%, respectively, compared to the same periods one year ago. Orders in the outdoor advertising business were up approximately 103% and 129% for the third quarter and year to date in fiscal 2011 as compared to the same periods one year ago. In addition to overall better economic conditions in fiscal 2011 compared to fiscal 2010, during the first quarter of fiscal 2011 we were successful in earning back business from a large outdoor advertising company that had not placed significant orders with us during fiscal 2010. During the second quarter of fiscal 2011, two of the large outdoor advertising companies in the United States announced their plans for digital billboard deployments for calendar 2011, calling for an increase in digital billboard deployments beginning in the first calendar quarter of 2011. These plans, in addition to the improving economy benefitting other outdoor advertising companies, have caused both orders and sales to rise. We also believe that our ability to maintain our market share as we earned back a large customer has been helped by the industry's acceptance of our Series 4000 digital billboard product. Although the number of digital displays deployed in calendar 2011 may approximate numbers we experienced in calendar 2009 prior to the economic downturn, the ultimate level of net sales dollars will be significantly lower than at that time due to the declining unit selling prices for digital billboards. It is important to note that the outdoor advertising business has a number of constraints in addition to the current economic conditions, primarily the challenges of achieving adequate returns on investments on digital displays, which limit locations suitable for digital displays, and regulatory constraints, which limit where displays can be installed. Furthermore, a large part of our business in this area is obtained from two customers, and therefore a loss of one of those customers could have a significant adverse impact on this portion of our business.

Net sales in the reseller portion of the Commercial business unit increased by more than 29% in the third quarter of fiscal 2011 compared to the same period in fiscal 2010, while orders decreased by approximately 15%. On a year to date basis, net sales and orders rose approximately 25% and 19% in fiscal 2011 as compared to fiscal 2010, respectively. On a year to date basis, the increase in both orders and net sales has been primarily driven by an increase in the large contract portion of this business, which includes spectaculars and other large video display systems. This has been helped also by the introduction of our architectural lighting products which we expect to help drive further sales. On a year to date and quarterly basis, our standard product sales and services business were up slightly, which we attribute to improving economic conditions. The level of large custom contract orders and sales in this niche is subject to volatility as described in prior filings, and therefore orders could decline in future periods, although we continue to see a growing number of opportunities. Furthermore, this business unit is sensitive to economic conditions, and the future performance of this business unit will vary based on these conditions, which we sense are improving.

As a result of the worsening economic and credit environments in early fiscal 2009, the competitive pressures in the Commercial business unit increased as competitors went after fewer opportunities. This competitive pressure put considerable pricing pressure on all aspects of this business unit. The competitive pressures continue and are expected to continue in future quarters. This has had an adverse impact on our gross margins and net sales.

Subject to the foregoing, our Commercial business unit generally benefits from increasing product acceptance, lower cost of displays, our distribution network and a stronger advertising market.

In the past, the seasonality of the outdoor advertising niche has been a factor in the fluctuation of our net sales over the course of a fiscal year because the deployment of displays slows in the winter months in the northern United States. Generally, seasonality is not a material factor in the rest of the Commercial business.

Live Events Business Unit. The changes in net sales and orders for the Live Events business unit for both the third quarter and first nine months of fiscal 2011 as compared to the same periods in fiscal 2010 was the result of a number of factors. The most significant positive factor impacting the third quarter and the first nine months of fiscal 2011 compared to the same period one year ago was the improvement in orders for professional baseball projects. We were awarded over $20 million in contracts exceeding $3 million for major league baseball facilities during the second and third quarters of fiscal 2011 compared to none for the same periods one year ago. These baseball contracts, plus one additional contract booked in late fiscal 2010, contributed over $14 million in net sales in the third quarter of fiscal 2011. On a year to date basis, this increase resulting from the baseball contracts was offset by a decline in large contracts over $5 million in fiscal 2011 compared to fiscal 2010. On a year to date basis, contracts in excess of $5 million dollars declined from $29.9 million in fiscal 2010 to $26.7 million in fiscal 2011. The decline is primarily due to decreasing new construction projects as discussed in prior filings.

Since the third quarter of fiscal 2010, when the economy caused a significant decline in orders and sales in the Live Events business unit, we have begun to see some improvement in this business unit. In spite of this improvement, the growth outlook for orders related to the fall sports facilities remains uncertain. As noted below, a portion of this concern is due to the current labor situation, however, we believe that the economy is still impacting this business adversely. As we progress into the first quarter of fiscal 2012, we should obtain greater clarity on the fall sports business performance.

Beginning in the fourth quarter of fiscal 2009, we began to see more significant competitive pressure in the Live Events marketplace. We believe that this pressure continues to hurt gross profit margins. In addition, over the next 12 months, most professional sports leagues are expected to be renegotiating labor contracts with players, which could negatively impact orders during this period. Until these pressures are reduced or eliminated, they are likely to adversely affect our ability to book orders and our gross profit margin. These competitive factors and general economic conditions also make it difficult to forecast orders and net sales in the Live Events business unit for the rest of fiscal 2011 and into fiscal 2012. Although our Live Events business is typically resistant to economic conditions, the severity of the current economic environment impacts this business. There have been transactions which have been delayed due to economic conditions, as previously described, which have had a significant negative impact on our business. However, over the long term, we expect to see growth, assuming that the economy continues to improve and we are successful at counteracting competitive pressures.

Our expectations regarding growth over the long term in large sports venues is due to a number of factors, including facilities tending to spend more on larger display systems; our product and services offerings, which remains the most integrated and comprehensive offerings in the industry; and our field sales and service network, which is important to support our customers. In addition, we benefit from the competitive nature of sports teams, which strive to out-perform their competitors with display systems. This impact has been and is expected to continue to be a driving force in increasing transaction sizes in new construction and renovations. Growth in the large sports venues is also driven by the desire for high-definition video displays, which typically drives larger displays or higher resolution displays, both of which increase the average transaction size. However, we also believe that the effects of an adverse economy are generally less on sports related business as compared to our other businesses as evidenced by periods of

poor economic downturns that occurred prior to calendar year 2008. We believe that the adverse economic conditions that have existed over the last couple of years were deep enough to adversely impact our sports business in a significant way. Net sales in our sports marketing and mobile and modular portion of this market were less than 0.4% and 1.1% of total net sales for the first nine months of fiscal 2011 and fiscal 2010, respectively, and thus were not material.

Schools and Theatres Business Unit. The changes in net sales in the Schools and Theatres business unit in the third quarter and first nine months of fiscal 2011 compared to the same periods in fiscal 2010 were the result of higher custom video and scoring systems due to more opportunities created by our sports marketing business and the increased demand for large video systems, offset by declines in our standard scoreboard, display and hoist products sales. Net sales of our standard sports scoreboard products were up slightly for the third quarter, but were down on a year to date basis in fiscal 2011 as compared to the same periods one year ago. We believe that the volatility in the sports portion of the business unit is due to reasons similar to the decline in net sales for the Live Events business. In addition, we believe that although much of the spending on small sports systems derives from advertising revenues, the declining school budgets has had an adverse impact on orders in this business unit, which seemed to have gotten worse starting in the fourth quarter of fiscal 2010 and appears to be continuing into calendar 2011. A positive aspect of the orders has been the increase in opportunities for larger video systems, primarily in high school facilities which benefit from our sports marketing services that generate the advertising revenue to fund the display systems. The increased interest in this area lead to a higher level of orders in the third quarter of fiscal 2011 as compared to the third quarter of fiscal 2010. Although it is difficult to project, we believe that the rest of calendar 2011 could continue to be a challenge for the Schools and Theatres business unit due to the foregoing reasons. Net sales for the hoist portion of this business unit decreased in the third quarter and first nine months of fiscal 2011 as compared to the same periods one year ago. For the long term, we believe that this business unit presents growth opportunities once the economy improves.

Transportation Business Unit. The increase in net sales in the Transportation business unit for both the third quarter and first nine months of fiscal 2011 was due to the increase in orders, which was partially offset by delayed deliveries caused by various internal constraints such as parts shortages in the first half of fiscal 2010. Orders remained strong and were higher in the third quarter and first nine months of fiscal 2011 compared to the third quarter and first nine months of fiscal 2010 due to increased opportunities and federal government spending on displays. We believe that overall growth in this business unit is the result of federal government stimulus money and prior federal legislation that provided for increased spending on transportation projects and to us gaining market share. We expect that net sales in the Transportation business unit could increase in fiscal 2011 as compared to fiscal 2010 due to the higher backlog at the beginning of fiscal 2011 as compared to fiscal 2010 and year to date order performance.

Similar to other business units, it appears that the competitive environment has become more intense in this area as a limited number of competitors have become more aggressive in pricing. Although we expect that this pricing pressure is not sustainable, it is likely to have an adverse impact on our net sales and gross profit margins until it eases.

International Business Unit. The increase in net sales in the International business unit during the third quarter and first nine months of fiscal 2011 compared to the same periods in fiscal 2010 was the result of the higher backlog at the beginning of fiscal 2011 as compared to the backlog at the beginning of fiscal 2010 and the increase in orders throughout the current fiscal year. Included in orders in the second quarter of fiscal 2011 is a large project in excess of $10 million for a new arena in Mexico. Overall, we have made considerable investments in growing our business internationally, where we do not have the same market share as we do domestically. We believe that as the economy has improved, our orders have increased as we continued to develop a local presence in foreign markets. As stated in prior filings, in the second half of fiscal 2009, we began to see more competitive pressures in this area similar to the competitive pressures described above in the Live Events market because the competitors tend to overlap. In spite of the foregoing, it appears that this market may be seeing some strengthening, as our opportunities began to increase in late fiscal 2010 and orders are rising. However, as a result of the competitive pressures, we expect to continue to see more challenges to gross profit to win orders.

Advertising Revenues. We occasionally sell products in exchange for the advertising revenues generated from use of the products. These sales represented less than 1% of net sales for the first nine months and for the third quarter of fiscal 2011 and fiscal 2010. The gross profit percent on these transactions has typically been higher than the gross profit percent on other transactions of similar size, although the selling expenses associated with these transactions are typically higher.

Backlog. The product order backlog as of January 29, 2011 was approximately $128 million as compared to $100 million as of January 30, 2010 and $121 million at the end of the second quarter of fiscal 2011. Historically, our backlog varies due to the timing of large orders. The backlog increased from one year ago in all business units except for the Live Events and the Schools and Theatres business units. Backlog varies significantly quarter-to-quarter due to the effects of large orders, and significant variations can be expected, as explained previously. Backlog also varies significantly due to customer delivery expectations. In addition, our backlog is not necessarily indicative of future sales or net income.

GROSS PROFIT

The following table sets forth net sales and gross profit for each of our five business units for the periods indicated (dollars in thousands):

	Three Months Ended				
	January 29, 2011			January 30, 2010	
	Amount	Percent Change	As a Percent of Net Sales	Amount	As a Percent of Net Sales
Commercial	$ 6,509	175.8 %	22.6 %	$ 2,360	11.3 %
Live Events	6,272	346.7	17.4	1,404	6.2
Schools & Theatre	2,912	14.8	25.0	2,536	20.6
Transportation	3,055	82.8	27.6	1,671	20.7
International	4,894	74.7	40.0	2,801	33.7
	$ 23,642	119.5 %	23.7 %	$ 10,772	14.9 %

	Nine Months Ended				
	January 29, 2011			January 30, 2010	
	Gross Profit	Percent Change	As a Percent of Net Sales	Gross Profit	As a Percent of Net Sales
Commercial	$ 19,687	43.8 %	23.5 %	$ 13,689	19.8 %
Live Events	24,491	(16.0)	20.3	29,164	23.2
Schools & Theatre	14,516	7.5	29.2	13,505	27.3
Transportation	9,227	(4.8)	30.7	9,695	31.0
International	15,126	81.1	35.2	8,351	32.4
	$ 83,047	11.6 %	25.4 %	$ 74,404	24.7 %

For the third quarter of fiscal 2011 as compared to the same period in fiscal 2010, gross profit as a percent of sales increased due to the higher level of sales and the resulting improved utilization of our infrastructure, partially offset by a decrease in product sales gross profit percentage. For the third quarter of fiscal 2011, gross profit on product sales was approximately one percentage point lower than the same period one year ago. This decline has been generally

offset by improvements in utilization of our manufacturing facilities as the conversion costs of manufacturing have improved as a percentage of net sales. Conversion costs in manufacturing decreased from 22% of sales the first nine months of fiscal 2010 to 18% of sales in the first nine months of fiscal 2011. Finally, warranty costs increased on a year-to-date basis from approximately $10.1 million in fiscal 2010 to $11.4 million in fiscal 2011 and decreased from approximately $3.1 million in the third quarter of fiscal 2010 to $2.7 million in the third quarter of fiscal 2011.

For the first nine months of fiscal 2011 as compared to the first nine months of fiscal 2010, the increase in gross profit as a percent of sales is the result of a three percentage point decrease in gross profit on product sales, primarily large contract sales, which was offset by an improvement in the gross profit of our services business. The decline in large contract gross profit percentage was primarily due to the competitive factors described above. Gross profit percentages were relatively flat in the first nine months of fiscal 2011 and fiscal 2010 on small contract sales. For the first nine months of fiscal 2011 and fiscal 2010, large contracts were approximately 63% and 61%, respectively, of net sales. Warranty costs were approximately 3.5% of net sales for the first nine months of fiscal 2011 and fiscal 2010.

We have been challenged with higher than expected warranty costs for the past two fiscal years. During fiscal 2009, in order to reduce these costs, we began expending significant effort on developing, and brought to market in late fiscal 2010, our new DVX technology, which is a common module platform that over time will replace the different and unique modules for each of our display resolutions and types. We have also invested significant resources in quality initiatives and reliability equipment to test new designs. We believe that this technology and investments in quality initiatives will drive down warranty costs over the long term.

One of the more significant trends that we have been experiencing since the middle of fiscal 2009 is the high level of fixed costs as a percentage of sales within manufacturing. We believe that as our business rebounds and sales grow, we will gain additional leverage in our gross profit percentage. As a result, we have not decreased some of the fixed cost infrastructure, as that would significantly impair our ability to respond to rising sales in the future. During the current fiscal year, we have begun to see these costs rise. The primary factor that impacts this is the decline in unit prices of our products, which causes us to spend more in conversion costs over time as a percent of the selling price. Total manufacturing conversion costs for the third quarter of fiscal 2011 and fiscal 2010 were approximately $15.6 million and $14.2 million, respectively. For the first nine months of fiscal 2011, total manufacturing conversion costs were approximately $47.9 million as compared to $45.9 million for the same period last year.

Within the Commercial business unit, the gross profit percent increased in the third quarter of fiscal 2011 as compared to the same quarter in fiscal 2010 as a result of lower warranty costs, which decreased by approximately $1.0 million and improved margin on services related sales, which improved gross margin by approximately two percentage points. For the first nine months of fiscal 2011 as compared to the same period in fiscal 2010, the gross profit percentage increased due to improved margin on services related sales, which added approximately two and one-half percentage points to the gross profit. This increase was partially offset by higher warranty costs year to date which caused one-half of a percentage point decline in gross profit percentage. The majority of the improvement was in the outdoor advertising niche. Due to the expected increase in digital billboard business, we expect that gross profit percents will decrease in the future, but that gross profit dollars will increase because the gross profit percentage on digital billboards is lower than other products within the Commercial business unit.

Gross profit percentages increased in the Live Events business unit for the third quarter of fiscal 2011 as compared to the same period one year ago due to better plant utilization and other variances, which added over 10 percentage points to the gross profit margin, and lower warranty costs as a percentage of net sales, which drove an increase of 1.5 percentage points in the gross profit percentage. For the first nine months of fiscal 2011, gross profit decreased as a result of lower margins on large contracts, which caused the gross profit to decline by six percentage points, partially

offset by improvements in plant and services operations as a percent of sales. The lower gross profit on contracts is attributable to the competitive factors described above. Based on our current backlog and competitive factors, we do not expect to see any increase in gross profit percentages on a sequential basis; however, gross margins in the large contract business vary to a large degree and are difficult to forecast.

Gross profit percents in the Schools and Theatres business unit increased for the third quarter of fiscal 2011 as compared to the same period one year ago due primarily to plant utilization factors and a one percentage point increase in the gross profit percentage on products. For the first nine months of fiscal 2011 as compared to the first nine months of fiscal 2010, gross profit increased as a result of improvements in conversion costs as a percent of sales. On a year to date basis, gross profit percentages on products were similar compared to the prior year.

Gross profit in our Transportation business unit increased for the third quarter of fiscal 2011 compared to the same period one year ago as a result of improvements in manufacturing, where conversion costs as a percentage of sales caused gross profit to increase by 10 percentage points. This was partially offset by lower margins on product sales. For the first nine months of fiscal 2011 as compared to the first nine months of fiscal 2010, gross profit increased by approximately three percentage points as a result of the improvement in conversion costs, which offset declines on the gross profit on large contracts due primarily to the competitive factors described above.

Within the International business unit, gross profit increased for the third quarter and the first nine months of fiscal 2011 as compared to the same periods of fiscal 2010 as a result of an improvement in conversion costs as a percent of sales and improvements in margins on contracts, primarily in Europe.

It is difficult to project gross profit levels for the rest of fiscal 2011 because of the uncertainty regarding the level of sales, warranty costs and the competitive factors described previously.

OPERATING EXPENSES

The following sets forth our operating expenses for the periods indicated (dollars in thousands):

	Three Months Ended				
	January 29, 2011			January 30, 2010	
	Operating Expense	Percent Change	As a Percent of Net Sales	Operating Expense	As a Percent of Net Sales
Selling	$ 12,148	(7.7) %	12.2 %	$ 13,155	18.2 %
General and administrative	6,047	(7.3)	6.1	6,523	9.0
Product design and development	4,673	(9.4)	4.7	5,155	7.1
Gain on insurance proceeds	-	-	-	(1,496)	(2.1)
Goodwill impairment	-	-	-	1,410	1.9
	$ 22,868	(7.6) %	22.9 %	$ 24,747	34.2 %

	Nine Months Ended	
	January 29, 2011	January 30, 2010
	Operating Expense	

2017 Proxy Statement

Executive Compensation

(3) **Stock Option Grants**

The amounts in column (j) reflect the number of stock options granted in 2016 under the Stock Incentive Plan. The exercise price reflected in column (k) is equal to the closing price of a share of Common Stock on the grant date. In general, no portion of any stock option may be exercised until the first anniversary of its date of grant. Vested options may be exercised for ten years following the date of grant, unless the option is cancelled or exercised sooner. If the executive retires, becomes disabled, or dies while employed by the Company or one of its subsidiaries, all unexercised options that are then exercisable, plus those options that would have become exercisable on the next anniversary of the grant date, will remain (or become) exercisable as of that date. Options granted in 2016 will become exercisable upon a participant's termination of employment on or within 24 months following a Change in Control. In general, options may remain exercisable for up to three years following a participant's retirement or termination due to disability, and for up to one year for any other termination of employment for reasons other than cause.

The vesting schedule for options granted to the executives in 2016 is as follows:

Name	**Grant Date**	**Shares (#)**	**Vest Date: Shares (#)**	**Vest Date: Shares (#)**	**Vest Date: Shares (#)**
R. Johnson	03/23/16	139,380	03/23/17: 46,460	03/23/18: 46,460	03/23/19: 46,460
L. Peters	03/23/16	28,510	03/23/17: 9,503	03/23/18: 9,503	03/23/19: 9,504
S. Jacobs	03/23/16	28,510	03/23/17: 9,503	03/23/18: 9,503	03/23/19: 9,504
L. Kimble	03/23/16	28,510	03/23/17: 9,503	03/23/18: 9,503	03/23/19: 9,504
P. Alviti	03/23/16	14,255	03/23/17: 4,751	03/23/18: 4,752	03/23/19: 4,752

(4) **Restricted Stock Units**

The amounts shown in the table under column (i) represent the number of RSUs awarded to the executive under the Stock Incentive Plan on the grant date. The RSU awards will vest according to the schedule below, provided, that they remain employed by the Company through the applicable vesting dates. No dividends are paid or accrued for RSU awards.

Name	**Grant Date**	**Shares (#)**	**Vest Date: Shares (#)**	**Vest Date: Shares (#)**
L. Peters	03/23/16	18,812	03/23/19: 9,406	03/23/20: 9,406
S. Jacobs	03/23/16	23,515	03/23/19: 11,757	03/23/20: 11,758
L. Kimble	03/23/16	15,677	03/23/19: 15,677	
P. Alviti	03/23/16	15,677	03/23/19: 7,838	03/23/20: 7,839

Executive Compensation

(5) **Grant Date Fair Value**

The amounts shown in column (l) reflect the aggregate grant date fair value of the restricted stock, RSU, and stock option awards granted in 2016, calculated in accordance with stock-based compensation accounting rules (FASB ASC Topic 718). A discussion of the assumptions used in computing the award values may be found in Note 21 to our financial statements in our 2016 Annual Report on Form 10-K. As provided under the SEC's rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For option awards, the value is calculated by multiplying the Black-Scholes value by the number of options granted. For RSUs, the fair value is calculated by multiplying the closing price of our Common Stock on the NYSE on the award date by the number of shares granted. For the performance-based RSUs awarded under the Stock Incentive Plan in connection with the 2016-17 long-term performance measurement period, the fair value is calculated based upon the probable outcome of meeting the performance conditions at the target performance level and multiplying the number of units that would be received at that level by the closing price of a share of our Common Stock on the grant date. This is consistent with the estimate of the aggregate compensation cost to be recognized over the service period determined at the grant date under FASB ASC Topic 718. All of these values are shown in the table below.

Name	**Black-Scholes Value for Stock Options Granted on March 23, 2016 ($)**	**Performance-Based RSU Awards Granted on March 23, 2016 ($)**
R. Johnson	15.78	—
L. Peters	15.78	63.79
S. Jacobs	15.78	63.79
L. Kimble	15.78	63.79
P. Alviti	15.78	63.79

Executive Compensation

Outstanding Equity Awards at Fiscal Year-End

The following table shows the number of outstanding stock options, both vested and unvested, and the number of unvested shares of restricted stock and RSUs held by the named executive officers at the end of the 2016 fiscal year:

	Option Awards					**Stock Awards**			
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	**(j)**
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable (1)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable (1)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)(2)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(3)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)**
R. Johnson	25,000	—	—	9.93	03/25/2019	—	—	—	—
	80,000	—	—	15.10	03/23/2020	—	—	—	—
	80,000	—	—	18.84	03/23/2021	—	—	—	—
	49,000	—	—	30.92	03/21/2022	—	—	—	—
	47,000	—	—	34.24	03/28/2023	—	—	—	—
	24,666	12,334	—	45.08	03/26/2024	—	—	—	—
	36,666	18,334	—	56.35	12/01/2024	—	—	—	—
	69,300	138,600	—	62.11	03/25/2025	—	—	—	—
	—	139,380	—	63.79	03/23/2026	—	—	—	—
	—	—	—	—	—	60,000	4,080,600	—	—
	—	—	—	—	—	18,520	1,259,545	—	—
	—	—	—	—	—	21,736	1,478,265	—	—
	—	—	—	—	—	—	—	20,902	1,421,545
	—	—	—	—	—	—	—	64,666	4,397,935
L. Peters	25,000	—	—	11.66	03/26/2018	—	—	—	—
	25,000	—	—	9.93	03/25/2019	—	—	—	—

	40,000	—	—	24.75	05/26/2021	—	—	—	—
	44,000	—	—	30.92	03/21/2022	—	—	—	—
	42,000	—	—	34.24	03/28/2023	—	—	—	—
	22,666	11,334	—	45.08	03/26/2024	—	—	—	—
	10,666	21,334	—	62.11	03/25/2025	—	—	—	—
	—	28,510	—	63.79	03/23/2026	—	—	—	—
	—	—	—	—	—	20,000	1,360,200	—	—
	—	—	—	—	—	18,812	1,279,404	—	—
	—	—	—	—	—	7,657	520,753	—	—
	—	—	—	—	—	—	—	5,162	351,068
	—	—	—	—	—	—	—	11,905	809,659
S. Jacobs	8,000	—	—	34.24	03/28/2023	—	—	—	—
	6,333	6,334	—	45.08	03/26/2024	—	—	—	—
	9,066	4,534	—	56.35	12/01/2024	—	—	—	—
	7,000	14,000	—	62.11	03/25/2025	—	—	—	—
	—	28,510	—	63.79	03/23/2026	—	—	—	—
	—	—	—	—	—	23,515	1,599,255	—	—
	—	—	—	—	—	10,000	680,100	—	—
	—	—	—	—	—	9,147	622,087	—	—
	—	—	—	—	—	—	—	6,910	469,949
	—	—	—	—	—	—	—	14,991	1,019,538
L. Kimble	12,666	6,334	—	45.08	03/26/2024	—	—	—	—
	7,000	14,000	—	62.11	03/25/2025	—	—	—	—
	—	28,510	—	63.79	03/23/2026	—	—	—	—
	—	—	—	—	—	15,677	1,066,193	—	—
	—	—	—	—	—	7,250	493,073	—	—
	—	—	—	—	—	—	—	5,093	346,375
	—	—	—	—	—	—	—	11,464	779,667
P. Alviti	8,333	5,667	—	45.08	03/26/2024	—	—	—	—
	5,333	10,667	—	62.11	03/25/2025	—	—	—	—
	—	14,255	—	63.79	03/23/2026	—	—	—	—
	—	—	—	—	—	10,000	680,100	—	—
	—	—	—	—	—	15,677	1,066,193	—	—
	—	—	—	—	—	6,302	428,599	—	—
	—	—	—	—	—	—	—	4,053	275,645
	—	—	—	—	—	—	—	8,642	587,742

Executive Compensation

Notes to Table on Outstanding Equity Awards at Fiscal Year-End

(1) The **Vesting Schedules** for the options shown in columns (b) and (c) are as follows:

Name	Total Securities Underlying Unexercised Options (#)	Date of Grant	Vesting Date for 1/3 of Total Grant	Vesting Date for 1/3 of Total Grant	Vesting Date for 1/3 of Total Grant
R. Johnson	25,000	03/25/2009	03/25/2010	03/25/2011	03/25/2012
	80,000	03/23/2010	03/23/2011	03/23/2012	03/23/2013
	80,000	03/23/2011	03/23/2012	03/23/2013	03/23/2014
	49,000	03/21/2012	03/21/2013	03/21/2014	03/21/2015
	47,000	03/28/2013	03/28/2014	03/28/2015	03/28/2016
	37,000	03/26/2014	03/26/2015	03/26/2016	03/26/2017
	55,000	12/01/2014	12/01/2015	12/01/2016	12/01/2017
	207,900	03/25/2015	03/25/2016	03/25/2017	03/25/2018
	139,380	03/23/2016	03/23/2017	03/23/2018	03/23/2019
	720,280				
L. Peters	25,000	03/26/2008	03/26/2009	03/26/2010	03/26/2011
	25,000	03/25/2009	03/25/2010	03/25/2011	03/25/2012
	40,000	05/26/2011	05/26/2012	05/26/2013	05/26/2014
	44,000	03/21/2012	03/21/2013	03/21/2014	03/21/2015
	42,000	03/28/2013	03/28/2014	03/28/2015	03/28/2016
	34,000	03/26/2014	03/26/2015	03/26/2016	03/26/2017
	32,000	03/25/2015	03/25/2016	03/25/2017	03/25/2018
	28,510	03/23/2016	03/23/2017	03/23/2018	03/23/2019
	270,510				
S. Jacobs	8,000	03/28/2013	03/28/2014	03/28/2015	03/28/2016
	12,667	03/26/2014	03/26/2015	03/26/2016	03/26/2017
	13,600	12/01/2014	12/01/2015	12/01/2016	12/01/2017
	21,000	03/25/2015	03/25/2016	03/25/2017	03/25/2018
	28,510	03/23/2016	03/23/2017	03/23/2018	03/23/2019
	83,777				
L. Kimble	19,000	03/26/2014	03/26/2015	03/26/2016	03/26/2017
	21,000	03/25/2015	03/25/2016	03/25/2017	03/25/2018
	28,510	03/23/2016	03/23/2017	03/23/2018	03/23/2019
	68,510				
P. Alviti	14,000	03/26/2014	03/26/2015	03/26/2016	03/26/2017
	16,000	03/25/2015	03/25/2016	03/25/2017	03/25/2018
	14,255	03/23/2016	03/23/2017	03/23/2018	03/23/2019
	44,255				

(2)

The vesting dates for the restricted stock and RSU awards shown in columns (g) and (i) are set forth in the table below. The RSU awards shown in column (g) granted in 2014 were earned following the end of the 2015 fiscal year when the Compensation Committee certified the achievement of the performance goals at above-target performance for the 2014-15 long-term performance measurement period and vested in March 2017; the RSU awards shown in column (i) granted in 2015 for the 2015-16 performance period were earned following the end of the 2016 fiscal year when the Compensation Committee certified the achievement of above-target performance for the 2015-16 long-term performance measurement period and will vest in 2018; and the RSU awards shown in column (i) granted in 2016 will be earned only if the maximum performance goals for the 2016-17 performance measurement period are achieved and, if earned, will vest in 2019.

Executive Compensation

Name	Date of Grant	Type of Award	**Shares/RSUs (#)**	Vesting Date
R. Johnson	03/26/2014	RSU	21,736	03/26/2017
	03/26/2014	Restricted Stock	60,000	03/26/2017
	12/01/2014	Restricted Stock	18,520	12/01/2017
	03/25/2015	RSU	20,902	03/25/2018
	03/23/2016	RSU	64,666	03/23/2019
L. Peters	03/26/2014	RSU	7,657	03/26/2017
	03/26/2014	Restricted Stock	20,000	03/26/2017
	03/25/2015	RSU	5,162	03/25/2018
	03/23/2016	RSU	9,406	03/23/2019
	03/23/2016	RSU	9,406	03/23/2020
	03/23/2016	RSU	11,905	03/23/2019
S. Jacobs	03/26/2014	RSU	9,147	03/26/2017
	03/26/2014	RSU	10,000	03/31/2017
	03/25/2015	RSU	6,910	03/25/2018
	03/23/2016	RSU	11,757	03/23/2019
	03/23/2016	RSU	11,758	03/23/2020
	03/23/2016	RSU	14,991	03/23/2019
L. Kimble	03/26/2014	RSU	7,250	03/26/2017
	03/25/2015	RSU	5,093	03/25/2018
	03/23/2016	RSU	15,677	03/23/2019
	03/23/2016	RSU	11,464	03/23/2019
P. Alviti	03/26/2014	RSU	6,302	03/26/2017
	03/26/2014	Restricted Stock	10,000	03/26/2017
	03/25/2015	RSU	4,053	03/25/2018
	03/23/2016	RSU	7,838	03/23/2019
	03/23/2016	RSU	7,839	03/23/2020
	03/23/2016	RSU	8,642	03/23/2019

(3) Value calculated by multiplying the number of unvested shares or units by the closing price of $68.01 on January 27, 2017, which was the last business day of the 2016 fiscal year. The values shown in columns (h) and (j) for the RSUs are based on:

- the number of RSUs at above-target performance earned for the 2014-15 performance period, which vested in March 2017;
- the number of RSUs at above-target performance earned for the 2015-16 performance period, which will vest in March 2018; and
- the number of RSUs that may be earned at maximum performance for the 2016-17 long-term performance period.

Executive Compensation

Option Exercises and Stock Vested

The following table provides information on the stock options exercised by the named executive officers during 2016 and restricted stock and RSU awards that vested during the year:

	Options Awards		Stock Awards	
(a)	(b)	(c)	(d)	(e)
Name	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise($)	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting($)
R. Johnson	50,000	2,463,500	17,190	1,120,788
L. Peters	20,000	896,600	7,759	505,887
S. Jacobs	—	—	8,817	574,868
L. Kimble	30,667	1,149,245	26,137	1,690,132
P. Alviti	10,000	385,470	15,297	893,864

Pension Benefits

The following table provides the present value of the accumulated benefit payable to each of the named executive officers and the years of service credited to each of them under the Retirement Plan, the Excess Plan, and the SERP determined using interest rate and mortality rate assumptions consistent with those used in our 2016 financial statements:

(a)	(b)	(c)	(d)	(e)
Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit ($)(1)	Payments During Last Fiscal Year ($)
R. Johnson	Retirement Plan	18	174,383	—
	Excess Plan	18	619,196	
	SERP	14	1,859,225	
			2,652,804	
L. Peters	Retirement Plan	18	186,739	—
	Excess Plan	18	330,264	
	SERP	15	1,202,966	
			1,719,969	
S. Jacobs	Retirement Plan	17	157,065	—

	Excess Plan	17	309,222	
	SERP	8	910,138	
			1,376,425	
L. Kimble	Retirement Plan	37	607,193	—
	Excess Plan	37	654,606	
	SERP	7	609,353	
			1,871,152	
P. Alviti	Retirement Plan	2	16,477	—
	Excess Plan	2	36,886	
	SERP	4	306,125	
			359,488	

Executive Compensation

Notes to Pension Benefits Table

(1) In general, the present value of accumulated benefits was determined using the same measurement date (January 28, 2017) and assumptions used for financial reporting purposes. Expected retirement age for the Retirement Plan and the Excess Plan is equal to normal retirement age as defined by the plans. For the SERP, the age at which participants become eligible for retirement under the plan is used as the expected retirement age. The following key assumptions were used in calculating the values in the table above:

- ASC 715 discount rate of 4.0% for the Retirement Plan and ASC 715 discount rate of 3.4% for the Excess Plan and the SERP;
- Retirement age is assumed to be 65 for the Retirement Plan and the Excess Plan; for the SERP, the retirement age is assumed to be when age plus years of service equals 65 for participants in the plan on May 26, 2011 and, for participants in the SERP after this date, when the participant reaches age 55 with 10 years of service; and
- Form of payment for the Retirement Plan and the Excess Plan is a lump sum and form of payment for the SERP is 12 quarterly installments.

The years of service for the SERP reflect the number of years that the executive has been approved by the Compensation Committee as a participant in that plan.

Defined Benefit Retirement Plans

Foot Locker Retirement Plan

The Retirement Plan is a defined benefit plan with a cash balance formula, which covers eligible employees of the Company and substantially all of its U.S. subsidiaries. All qualified employees who are at least 21 years old with one year of service are covered under the Retirement Plan. Plan participants become fully vested in their benefits under this plan generally upon completion of three years of service or upon reaching normal retirement age (age 65) while actively employed.

Under the cash balance formula, each participant has an account, for record keeping purposes only, to which credits are allocated annually based upon a percentage of the participant's W-2 Compensation, as defined in the Retirement Plan. This percentage is determined by the participant's years of service with the Company as of the beginning of each calendar year. The following table shows the percentages used to determine credits for each of the years of service indicated:

Years of Service +

	Percent of All W-2 Compensation (%)	Percent of W-2 Compensation Over $22,000 (%)
Fewer than 6	1.10	0.55
6–10	1.50	0.75
11–15	2.00	1.00
16–20	2.70	1.35
21–25	3.70	1.85
26–30	4.90	2.45
31–35	6.60	3.30
More than 35	8.90	4.45

In addition, all balances in the participants' accounts earn interest at the fixed rate of 6%, which is credited annually. At retirement or other termination of employment, an amount equal to the vested balance then credited to the account under the Retirement Plan is payable to the participant in the form of a qualified joint and survivor annuity (if the participant is married) or a life annuity (if the participant is unmarried). The participant may elect to waive the annuity form of benefit and receive benefits under the plan upon retirement in an optional annuity form or an immediate or deferred lump sum, or, upon other termination of employment, in a lump sum. Additional optional forms of payment are available to participants who were participating in the Retirement Plan as of December 31, 1995.

Executive Compensation

Foot Locker Excess Cash Balance Plan

The Internal Revenue Code limits annual retirement benefits that may be paid to, and the compensation that may be taken into account in calculating benefits for, any person under a qualified retirement plan, such as the Retirement Plan. Accordingly, for any person covered by the Retirement Plan whose annual retirement benefit, calculated in accordance with the terms of the Retirement Plan, exceeds the limitations of the Internal Revenue Code, the Company has adopted the Foot Locker Excess Cash Balance Plan (the "Excess Plan"). The Excess Plan is an unfunded, nonqualified benefit plan, under which the individual is paid the difference between the Internal Revenue Code limitations and the retirement benefit to which he or she would otherwise be entitled under the Retirement Plan.

Early Retirement Eligibility

The Retirement Plan provides for a reduced benefit payment to a participant who retires after reaching early retirement age but prior to normal retirement age. Early retirement age is defined under the Retirement Plan and the Excess Plan as age 55 with at least 5 years of vesting service. Of the named executive officers, Mr. Johnson, Ms. Peters, and Mr. Kimble are currently eligible for early retirement under these plans.

Foot Locker Supplemental Executive Retirement Plan

In addition, the SERP, which is an unfunded, nonqualified benefit plan, provides for payment by the Company of supplemental retirement, death, and disability benefits to certain executive officers and certain other key employees of the Company and its subsidiaries who participate in this plan. The Compensation Committee sets an annual targeted incentive award under the SERP for each participant consisting of a percentage of salary and bonus based on the Company's performance against the target. Achievement of the target causes an 8% credit to a participant's account for that year. The applicable percentage for the year increases or decreases proportionately to the percentage of the Company's performance in relation to the target, but may not be less than 4% or more than 12% in any year. Participants' accounts accrue simple interest at the rate of 6% annually.

The named executive officers and six other executive officers currently participate in the SERP. Participants in the SERP prior to May 26, 2011 are eligible to receive a benefit only if their age plus years of service at retirement equals at least 65. For persons who become participants in the SERP on or after this date, they would be eligible to receive a benefit only if they are at least age 55 at retirement with 10 years of service. Other than Ms. Alviti, each of the named executive officers participated in the SERP on May 26, 2011 and has age plus years of service totaling at least 65. Ms. Alviti became a participant in the SERP upon her employment commencement date in June 2013 and she is not currently vested in the plan.

If a participant's employment terminates due to death or disability, he (or his estate) would be entitled to payment of his SERP balance. A participant's SERP benefit is paid in 12 quarterly installments following retirement, with the first two quarters payable no earlier than six months following retirement. Upon death or disability, a participant's SERP

benefit is paid in a lump sum. For participants in the plan prior to February 2, 2014, the SERP provides for the continuation of medical and dental insurance benefits if an executive meets the applicable age and service requirements when his employment terminates. The benefits would be substantially the same as those benefits to which senior executives are entitled under the Company's medical and dental plans for active employees. The terminated executive would be required to pay the insurance premium applicable to actively employed senior executives, including any increases in the premiums, and the Company would pay the difference between the actual premium rate and the active employee rate.

Executive Compensation

Nonqualified Deferred Compensation

(a) Name	(b) Executive Contributions in Last FY ($)	(c) Registrant Contributions in Last FY ($)(1)	(d) Aggregate Earnings in Last FY ($)	(e) Aggregate Withdrawals/ Distributions ($)	(f) Aggregate Balance at Last FYE ($)(2)
R. Johnson	—	1,298,194	—	—	2,444,816
L. Peters	—	320,574	—	—	665,719
S. Jacobs	—	430,371	—	—	842,712
L. Kimble	—	317,244	—	—	644,062
P. Alviti	—	251,691	—	—	535,748

(1) The amounts shown in column (c) in the table above are reported as 2016 compensation in the Summary Compensation Table and reflect the cash portion of the earned LTIP award for the 2015-16 performance measurement period. The payout of these amounts to the named executive officers is automatically deferred under the terms of the award and will be paid in March 2018, provided the executives continue in service with the Company on the payout date.

(2) The aggregate balances shown in column (f) equal the sum of the amounts shown in column (c) for the 2015-16 long-term performance measurement period plus the cash portion of the executives' earned LTIP awards for the 2014-15 performance measurement period reported as 2015 compensation that was paid out in March 2017, as follows:

Name	Earned Cash LTIP Award For the 2014-15 Performance Period Paid in March 2017 ($)
R. Johnson	1,146,622
L. Peters	345,145
S. Jacobs	412,341
L. Kimble	326,818
P. Alviti	284,057

Executive Compensation

Potential Payments Upon Termination or Change in Control

The executives' employment agreements and certain of the plans and programs that executives participate in require the Company to pay compensation to the executives if their employment terminates under certain circumstances. The estimated amount of compensation, benefits, and vesting of restricted stock, RSUs, and stock options that may be payable to the named executive officers following termination of their employment, including amounts already vested, is stated in the tables below. The information in the tables assumes a termination date of January 28, 2017.

Richard A. Johnson

Reason for Termination	Severance Payment ($)	Vesting of RS, RSUs and Options ($)	LTIP Payout Eligibility ($)	SERP Benefit ($)	Excess Cash Balance Plan Benefit ($)	Continuation of Health Benefits ($)	Senior Executive Life Insurance ($)	Total ($)
By Company Without Cause or By Executive if Company Breaches Employment Agreement	4,712,375 (1)	1,421,545 (2)	—	1,945,883 (3)	534,989 (4)	899,958	—	9,514,750
Executive Resigns Before End of Term	—	—	—	1,945,883 (3)	534,989 (4)	899,958	—	3,380,830
Following Change in Control: By Executive for Good Reason or By Company Without Cause (6)	5,525,000 (7)	11,241,956 (8)	3,132,316 (9)	1,945,883 (3)	534,989 (4)	899,958 (5)	—	23,280,102
Disability	—	10,440,963 (10)	3,132,316 (11)	1,945,883 (12)	534,989 (4)	899,958 (5)(13)	—	16,954,109
Death	—	10,440,963	3,132,316	1,945,883	534,989	—	1,100,000	17,154,151

		(10)	(11)	(12)	(4)		(14)	
Retirement	—	5,100,818 (15)	3,132,316 (11)	1,945,883 (3)	534,989 (4)	899,958 (5)	—	11,613,964
Cause	—	—	—	—	534,989 (4)	—	—	534,989

Notes to Table on Richard A. Johnson

(1) This severance amount includes the following items provided for under Mr. Johnson's employment agreement:

Salary continuation for 24 months. Payment of the first six months of salary continuation would be made six months following termination, and the remaining payments would then be made on a monthly basis ($2,200,000).

Annual bonus for 2016. Payment of this bonus would be made at the same time as payments are made to other participants in the plan and within two and one-half months following the end of the 2016 fiscal year ($1,189,181).

Cash portion of the LTIP award earned for the 2015-16 performance measurement period. The LTIP award earned for this performance period is payable one-half in cash and one-half in RSUs and is based on the achievement of the performance goals at the actual payout level. The cash portion of the earned LTIP award for this period would be paid out in March 2018 at the same time as the payouts are made to the other participants ($1,298,194).

Executive Compensation

Outplacement. The approximate cost of one year of outplacement services ($25,000).

(2) Represents the value of the 20,902 RSUs earned at the actual performance level for the 2015-16 long-term performance period, valued at the closing price ($68.01) of the Common Stock on January 27, 2017. This stock portion of the earned long-term bonus for this period would be paid out in March 2017 at the same time as the payouts are made to the other participants. The actual value of the stock portion of the LTIP award payable to the executive in March 2017 would depend upon the Company's stock price at that time.

(3) This amount is the total benefit payable under the SERP. The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive's termination date, with the remaining payments made quarterly during the remainder of the three-year period.

(4) Benefit payable as of January 28, 2017 in a lump sum under the Foot Locker Excess Cash Balance Plan six months following the executive's termination date. No information is provided with respect to the benefit under the Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

(5) Executive would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under the Company's medical and dental plans for active employees. Executive would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

(6) This covers termination by the Company without Cause or by the executive for Good Reason during the two-year period following a Change in Control.

(7) The severance amount equals two times the sum of executive's annual base salary ($1,100,000) plus annual bonus at target ($1,650,000). Payment would be made in a lump sum six months following termination. The severance amount also includes the approximate cost of one year of outplacement services ($25,000). If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code ("Section 4999"), then the Company would automatically reduce the executive's payments and benefits to an amount equal to $1 less than the amount that would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

(8) The amount shown represents the sum of the (A) value of 78,520 shares of restricted stock that would vest; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (21,736 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance period (20,902 RSUs), and (iii) pro rated target level achievement of the performance goals for the 2016-17 performance measurement period (16,167 RSUs); and (C) intrinsic value on January 28, 2017 of 308,648 stock options that would vest. The RSUs would become immediately vested and payable. The restricted stock and RSUs were valued at $68.01.

(9) Upon a Change in Control, the Compensation Committee may, but is not required to, approve a pro rata payment to a participant under the LTIP. The amount shown in the table assumes approval of a payout under the plan and

represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period at the actual payout level ($1,146,622), (ii) 2015-16 performance period at the actual payout level ($1,298,194), and (iii) 2016-17 performance measurement period at the target payout level pro rated to the termination date ($687,500). The amounts would be payable to the executive on the date of the Change in Control, or as soon as practicable thereafter.

(10) The amount shown represents the sum of the (A) value of 78,520 shares of restricted stock, which the Compensation Committee may, but is not obligated to, accelerate vesting of some or all of these shares; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (21,736 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (20,902 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (16,167 RSUs); and (C) intrinsic value on January 28, 2017 of 146,428 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The restricted stock and RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company’s stock price on the payout dates in 2017, 2018, and 2019, respectively.

(11) The Compensation Committee may, but is not obligated to, approve a pro rata payment under the LTIP following the end of the applicable performance period, provided the performance goals for the period are met. The amount shown assumes the approval of a payout to the executive and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period based on the actual level of achievement of the performance goals ($1,146,622), (ii) 2015-16 performance measurement period based on the actual level of achievement of the performance goals ($1,298,194), and (iii) 2016-17 performance measurement period, pro rated to the termination date, based on a target level of achievement of the performance goals ($687,500). The amounts would be payable to the executive at the same time as the payouts are made for these performance periods to the other participants in 2017, 2018, and 2019, respectively.

(12) Benefit under the SERP payable in a lump sum following the determination of disability or the date of death.

(13) The benefit amount assumes the executive does not qualify for disability benefits under Medicare.

(14) Senior executive life insurance is payable following death in a lump sum to the executive’s beneficiary.

(15) The amount shown represents the sum of the (A) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (21,736 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (20,902 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (16,167 RSUs); and (B) intrinsic value on January 28, 2017 of 146,428 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company’s stock price on the payout dates in 2017, 2018, and 2019, respectively.

Executive Compensation

Lauren B. Peters

Reason for Termination	Severance Payment ($)	Vesting of RS, RSUs and Options ($)	LTIP Payout Eligibility ($)	SERP Benefit ($)	Excess Cash Balance Plan Benefit ($)	Continuation of Health Benefits ($)	Senior Executive Life Insurance ($)	Total ($)
By Company Without Cause	1,012,500 (1)	—	—	1,259,037 (2)	262,086 (3)	1,051,962 (4)	—	3,585,585
By Executive for Good Reason	1,012,500 (1)	362,921 (5)	—	1,259,037 (2)	262,086 (3)	1,051,962 (4)	—	3,948,506
Executive Resigns Before End of Term	—	—	—	1,259,037 (2)	262,086 (3)	1,051,962 (4)	—	2,573,085
Following Change in Control: By Executive for Good Reason or By Company Without Cause (6)	1,856,250 (7)	4,219,928 (8)	792,282 (9)	1,259,037 (2)	262,086 (3)	1,051,962 (4)	—	9,441,545
Disability	—	4,076,784 (10)	792,282 (11)	1,259,037 (12)	262,086 (3)	1,051,962 (4)(13)	—	7,442,151
Death	—	4,076,784 (10)	792,282 (11)	1,259,037 (12)	262,086 (3)	—	675,000 (15)	7,065,189
Retirement	—	1,437,180 (14)	792,282 (11)	1,259,037 (2)	262,086 (3)	1,051,962 (4)	—	4,802,547
Cause	—	—	—	—	262,086 (3)	—	—	262,086

Notes to Table on Lauren B. Peters

(1) The severance amount equals one-and-a-half times the executive's annual salary.

(2) This amount is the total benefit payable under the SERP. The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive's termination date, with the remaining payments made quarterly during the remainder of the three-year period.

(3) Benefit payable as of January 28, 2017 in a lump sum under the Foot Locker Excess Cash Balance Plan six months following the executive's termination date. No information is provided with respect to the benefit under the Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in

terms of scope, terms, or operation in favor of the executive officers.

(4) Executive would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under the Company's medical and dental plans for active employees. Executive would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

(5) The amount shown represents the intrinsic value on January 28, 2017 of 31,503 stock options that would vest.

(6) This covers termination by the Company without Cause or by the executive for Good Reason within 24 months following a Change in Control.

(7) The severance amount equals two times the executive's annual salary plus annual bonus at target under the Annual Bonus Plan or other annual incentive plan applicable to the executive. If the payments or benefits received by the executive following a

Executive Compensation

Change in Control are subject to the excise tax under Section 4999, then the Company would automatically reduce the executive's payments and benefits to an amount equal to $1 less than the amount that would subject her to the excise tax, as long as the reduced amount would result in a greater benefit to her compared to the unreduced amount on a net after-tax basis.

(8) The amount shown represents the sum of the (A) value of 38,812 shares of restricted stock that would vest; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance period (7,657 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance period (5,162 RSUs), and (iii) pro rated target level achievement of the performance goals for the 2016-17 performance measurement period (2,977 RSUs); and (C) intrinsic value on January 28, 2017 of 61,178 stock options that would vest. The RSUs would become immediately vested and payable. The restricted stock and RSUs were valued at $68.01.

(9) Upon a Change in Control, the Compensation Committee may, but is not required to, approve a pro rata payment to a participant under the LTIP. The amount shown in the table assumes approval of a payout under the plan and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period at the actual payout level ($345,145), (ii) 2015-16 performance period at the actual payout level ($320,574), and (iii) 2016-17 performance measurement period at the target payout level pro rated to the termination date ($126,563). The amounts would be payable to the executive on the date of the Change in Control, or as soon as practicable thereafter.

(10) The amount shown represents the sum of the (A) value of 38,812 shares of restricted stock, which the Compensation Committee may, but is not obligated to, accelerate vesting of some or all of these shares; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (7,657 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (5,162 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (2,977 RSUs); and (C) intrinsic value on January 28, 2017 of 31,503 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The restricted stock and RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company's stock price on the payout dates in 2017, 2018, and 2019, respectively.

(11) The Compensation Committee may, but is not obligated to, approve a pro rata payment under the LTIP following the end of the applicable performance period, provided the performance goals for the period are met. The amount shown assumes the approval of a payout to the executive and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period based on the actual level of achievement of the performance goals ($345,145), (ii) 2015-16 performance measurement period based on the actual level of achievement of the performance goals ($320,574), and (iii) 2016-17 performance measurement period, pro rated to the termination date, based on a target level of achievement of the performance goals ($126,563). The amounts would be payable to the executive at the same time as the payouts are made for these performance periods to the other participants in 2017, 2018, and 2019, respectively.

(12) SERP benefit payable in a lump sum following the determination of disability or the date of death.

(13) The benefit amount assumes the executive does not qualify for disability benefits under Medicare.

(14) The amount shown represents the sum of the (A) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (7,657 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (5,162 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (2,977 RSUs); and (B) intrinsic value on January 28, 2017 of 31,503 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company's stock price on the payout dates in 2017, 2018, and 2019, respectively.

(15) Senior executive life insurance benefit is payable following death in a lump sum to the executive's beneficiary.

Executive Compensation

Stephen D. Jacobs

Reason for Termination	**Severance Payment ($)**	Vesting of RS, RSUs and Options ($)	LTIP Payout Eligibility ($)	SERP Benefit ($)	Excess Cash Balance Plan Benefit ($)	Continuation of Health Benefits ($)	Senior Executive Life Insurance ($)	Total ($)
By Company Without Cause	1,275,000 (1)	—	—	952,559 (2)	235,467 (3)	1,216,148 (4)	—	3,679,174
By Executive for Good Reason	1,275,000 (1)	279,508 (5)	—	952,559 (2)	235,467 (3)	1,216,148 (4)	—	3,958,682
Executive Resigns Before End of Term	—	—	—	952,559 (2)	235,467 (3)	1,216,148 (4)	—	2,404,174
Following Change in Control: By Executive for Good Reason or By Company Without Cause (6)	2,337,500 (7)	4,172,525 (8)	968,900 (9)	952,559 (2)	235,467 (3)	1,216,148 (4)	—	9,883,099
Disability	—	4,051,017 (10)	968,900 (11)	952,559 (12)	235,467 (3)	1,216,148 (4)(13)	—	7,424,091
Death	—	4,051,017 (10)	968,900 (11)	952,559 (12)	235,467 (3)	—	850,000 (14)	7,057,943
Cause	—	—	—	—	235,467 (3)	—	—	235,467

Notes to Table on Stephen D. Jacobs

(1) The severance amount equals one-and-a-half times the executive's annual salary.

(2) This amount is the total benefit payable under the SERP. The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive's termination date, with the remaining payments made quarterly during the remainder of the three-year period.

(3) Benefit payable as of January 28, 2017 in a lump sum under the Foot Locker Excess Cash Balance Plan six months following the executive's termination date. No information is provided with respect to the benefit under the Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

(4) Executive would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under the Company's medical and dental plans for active employees. Executive would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

(5) The amount shown represents the intrinsic value on January 28, 2017 of 27,371 stock options that would vest.

(6) This covers termination by the Company without Cause or by the executive for Good Reason within 24 months following a Change in Control.

(7) The severance amount equals two times the executive's annual salary plus annual bonus at target under the Annual Bonus Plan or other annual incentive plan applicable to the executive. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999, then the Company would automatically reduce the

Executive Compensation

executive's payments and benefits to an amount equal to $1 less than the amount that would subject her to the excise tax, as long as the reduced amount would result in a greater benefit to her compared to the unreduced amount on a net after-tax basis.

(8) The amount shown represents the sum of the (A) value of 33,515 shares of restricted stock that would vest; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance period (9,147 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance period (6,910 RSUs), and (iii) pro rated target level achievement of the performance goals for the 2016-17 performance measurement period (3,748 RSUs); and (C) intrinsic value on January 28, 2017 of 59,711 stock options that would vest. The RSUs would become immediately vested and payable. The restricted stock and RSUs were valued at $68.01.

(9) Upon a Change in Control, the Compensation Committee may, but is not required to, approve a pro rata payment to a participant under the LTIP. The amount shown in the table assumes approval of a payout under the plan and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period at the actual payout level ($412,341), (ii) 2015-16 performance period at the actual payout level ($430,371), and (iii) 2016-17 performance measurement period at the target payout level pro rated to the termination date ($126,188). The amounts would be payable to the executive on the date of the Change in Control, or as soon as practicable thereafter.

(10) The amount shown represents the sum of the (A) value of 33,515 shares of restricted stock, which the Compensation Committee may, but is not obligated to, accelerate vesting of some or all of these shares; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (9,147 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (6,910 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (3,748 RSUs); and (C) intrinsic value on January 28, 2017 of 27,371 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The restricted stock and RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company's stock price on the payout dates in 2017, 2018, and 2019, respectively.

(11) The Compensation Committee may, but is not obligated to, approve a pro rata payment under the LTIP following the end of the applicable performance period, provided the performance goals for the period are met. The amount shown assumes the approval of a payout to the executive and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period based on the actual level of achievement of the performance goals ($412,341), (ii) 2015-16 performance measurement period based on the actual level of achievement of the performance goals ($430,371), and (iii) 2016-17 performance measurement period, pro rated to the termination date, based on a target level of achievement of the performance goals ($126,188). The amounts would be payable to the executive at the same time as the payouts are made for these performance periods to the other participants in 2017, 2018, and 2019, respectively.

(12) SERP benefit payable in a lump sum following the determination of disability or the date of death.

(13) The benefit amount assumes the executive does not qualify for disability benefits under Medicare.

(14) Senior executive life insurance benefit is payable following death in a lump sum to the executive's beneficiary.

Executive Compensation

Lewis P. Kimble

Reason for Termination	Severance Payment ($)	Vesting of RS, RSUs and Options ($)	LTIP Payout Eligibility ($)	SERP Benefit ($)	Excess Cash Balance Plan Benefit ($)	Continuation of Health Benefits ($)	Senior Executive Life Insurance ($)	Total ($)
By Company Without Cause (1)	975,000 (2)	—	—	637,755 (3)	563,176 (4)	899,958 (5)	—	3,075,889
By Executive for Good Reason (1)	975,000 (2)	226,643 (6)	—	637,755 (3)	563,176 (4)	899,958 (5)	—	3,302,532
Executive Resigns Before End of Term	—	—	—	637,755 (3)	563,176 (4)	899,958 (5)	—	2,100,889
Following Change in Control: By Executive for Good Reason or By Company Without Cause (1)(6)	1,787,500 (8)	2,448,708 (9)	735,660 (10)	637,755 (3)	563,176 (4)	899,958 (5)	—	7,072,757
Disability (1)	—	2,327,200 (11)	735,660 (12)	637,755 (13)	563,176 (4)	899,958 (5)(14)	—	5,163,749
Death (1)	—	2,327,200 (11)	735,660 (12)	637,755 (13)	563,176 (4)	—	650,000 (16)	4,913,791
Retirement (1)	—	1,261,211 (15)	735,660 (12)	637,755 (3)	563,176 (4)	899,958 (5)	—	4,097,760
Cause	—	—	—	—	563,176 (4)	—	—	563,176

Notes to Table on Lewis P. Kimble

(1) Executive would be entitled under the International Assignment Policy to certain benefits following the executive's termination date.

(2) The severance amount equals one-and-a-half times the executive's annual salary.

(3) This amount is the total benefit payable under the SERP. The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive's termination date, with the remaining payments made quarterly during the

remainder of the three-year period.

(4) Benefit payable as of January 28, 2017 in a lump sum under the Foot Locker Excess Cash Balance Plan six months following the executive's termination date. No information is provided with respect to the benefit under the Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

(5) Executive would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under the Company's medical and dental plans for active employees. Executive would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the actuarial present value of all future expected post-termination medical and dental benefits.

(6) The amount shown represents the intrinsic value on January 28, 2017 of 22,837 stock options that would vest.

(7) This covers termination by the Company without Cause or by the executive for Good Reason within 24 months following a Change in Control.

Executive Compensation

(8) The severance amount equals two times the executive's annual salary plus annual bonus at target under the Annual Bonus Plan or other annual incentive plan applicable to the executive. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999, then the Company would automatically reduce the executive's payments and benefits to an amount equal to $1 less than the amount that would subject her to the excise tax, as long as the reduced amount would result in a greater benefit to her compared to the unreduced amount on a net after-tax basis.

(9) The amount shown represents the sum of the (A) value of 15,677 shares of restricted stock that would vest; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance period (7,250 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance period (5,093 RSUs), and (iii) pro rated target level achievement of the performance goals for the 2016-17 performance measurement period (2,866 RSUs); and (C) intrinsic value on January 28, 2017 of 48,844 stock options that would vest. The RSUs would become immediately vested and payable. The restricted stock and RSUs were valued at $68.01.

(10) Upon a Change in Control, the Compensation Committee may, but is not required to, approve a pro rata payment to a participant under the LTIP. The amount shown in the table assumes approval of a payout under the plan and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period at the actual payout level ($326,818), (ii) 2015-16 performance period at the actual payout level ($317,244), and (iii) 2016-17 performance measurement period at the target payout level pro rated to the termination date ($91,598). The amounts would be payable to the executive on the date of the Change in Control, or as soon as practicable thereafter.

(11) The amount shown represents the sum of the (A) value of 15,677 shares of restricted stock, which the Compensation Committee may, but is not obligated to, accelerate vesting of some or all of these shares; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (7,250 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (5,093 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (2,866 RSUs); and (C) intrinsic value on January 28, 2017 of 22,837 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The restricted stock and RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company's stock price on the payout dates in 2017, 2018, and 2019, respectively.

(12) The Compensation Committee may, but is not obligated to, approve a pro rata payment under the LTIP following the end of the applicable performance period, provided the performance goals for the period are met. The amount shown assumes the approval of a payout to the executive and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period based on the actual level of achievement of the performance goals ($326,818), (ii) 2015-16 performance measurement period based on the actual level of achievement of the performance goals ($317,244), and (iii) 2016-17 performance measurement period, pro rated to the termination date, based on a target level of achievement of the performance goals ($91,598). The amounts would be payable to the executive at the same time as the payouts are made for these performance periods to the other participants in 2017, 2018, and 2019, respectively.

(13) SERP benefit payable in a lump sum following the determination of disability or the date of death.

(14) The benefit amount assumes the executive does not qualify for disability benefits under Medicare.

(15) The amount shown represents the sum of the (A) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (7,250 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (5,093 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (2,866 RSUs); and (B) intrinsic value on January 28, 2017 of 22,837 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company's stock price on the payout dates in 2017, 2018, and 2019, respectively.

(16) Senior executive life insurance benefit is payable following death in a lump sum to the executive's beneficiary.

Executive Compensation

Paulette R. Alviti

Reason for Termination	Severance Payment ($)	Vesting of RS, RSUs and Options ($)	LTIP Payout Eligibility ($)	**SERP Benefit ($)**	Excess Cash Balance Plan Benefit ($)	Senior Executive Life Insurance ($)	Total ($)
By Company Without Cause	735,000 (1)	—	—	256,730 (2)	23,172 (3)	—	1,014,902
By Executive for Good Reason	735,000 (1)	181,458 (4)	—	256,730 (2)	23,172 (3)	—	1,196,360
Executive Resigns Before End of Term	—	—	— (2)	256,730 (3)	23,172	—	279,902
Following Change in Control: By Executive for Good Reason or By Company Without Cause (5)	1,225,000 (6)	2,919,297 (7)	627,623 (8)	256,730 (2)	23,172 (3)	—	5,051,822
Disability	—	2,778,930 (9)	627,623 (10)	256,730 (11)	23,172 (3)	—	3,686,455
Death	—	2,778,930 (9)	627,623 (10)	256,730 (11)	23,172 (3)	490,000 (12)	4,176,455
Cause	—	—	—	—	23,172 (3)	—	23,172

Notes to Table on Paulette R. Alviti

(1) The severance amount equals one-and-a-half times the executive's annual salary.

(2) This amount is the total benefit payable under the SERP. The payments would be made quarterly over a three-year period. The first two quarterly payments would be made on the first day of the calendar quarter that occurs six months following the executive's termination date, with the remaining payments made quarterly during the remainder of the three-year period.

(3) Benefit payable as of January 28, 2017 in a lump sum under the Foot Locker Excess Cash Balance Plan six months following the executive's termination date. No information is provided with respect to the benefit under the Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

(4) The amount shown represents the intrinsic value on January 28, 2017 of 15,751 stock options that would vest.

(5) This covers termination by the Company without Cause or by the executive for Good Reason within 24 months following a Change in Control.

(6) The severance amount equals two times the executive's annual salary plus annual bonus at target under the Annual Bonus Plan or other annual incentive plan applicable to the executive. If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999, then the Company would automatically reduce the executive's payments and benefits to an amount equal to $1 less than the amount that would subject her to the excise tax, as long as the reduced amount would result in a greater benefit to her compared to the unreduced amount on a net after-tax basis.

(7) The amount shown represents the sum of the (A) value of 25,677 shares of restricted stock that would vest; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance period (6,302 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance period (4,053 RSUs), and (iii) pro rated target level achievement of the performance goals for the

Executive Compensation

2016-17 performance measurement period (2,161 RSUs); and (C) intrinsic value on January 28, 2017 of 33,589 stock options that would vest. The RSUs would become immediately vested and payable. The restricted stock and RSUs were valued at $68.01.

(8) Upon a Change in Control, the Compensation Committee may, but is not required to, approve a pro rata payment to a participant under the LTIP. The amount shown in the table assumes approval of a payout under the plan and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period at the actual payout level ($284,057), (ii) 2015-16 performance period at the actual payout level ($251,691), and (iii) 2016-17 performance measurement period at the target payout level pro rated to the termination date ($91,875). The amounts would be payable to the executive on the date of the Change in Control, or as soon as practicable thereafter.

(9) The amount shown represents the sum of the (A) value of 25,677 shares of restricted stock, which the Compensation Committee may, but is not obligated to, accelerate vesting of some or all of these shares; (B) value of the RSUs that the executive would have been entitled to receive under the LTIP based on the (i) actual level of achievement of the performance goals for the 2014-15 performance measurement period (6,302 RSUs), (ii) actual level of achievement of the performance goals for the 2015-16 performance measurement period (4,053 RSUs), and (iii) target level achievement of the performance goals for the 2016-17 performance period, pro rated to the termination date (2,161 RSUs); and (C) intrinsic value on January 28, 2017 of 15,751 stock options that would vest. The RSUs would be paid out at the same time as the payouts are made to the other participants in the plan for these performance periods in 2017, 2018, and 2019, respectively. The restricted stock and RSUs were valued at $68.01. The actual value of the RSUs to the executive would depend upon the Company's stock price on the payout dates in 2017, 2018, and 2019, respectively.

(10) The Compensation Committee may, but is not obligated to, approve a pro rata payment under the LTIP following the end of the applicable performance period, provided the performance goals for the period are met. The amount shown assumes the approval of a payout to the executive and represents the cash portion of the LTIP award for the (i) 2014-15 performance measurement period based on the actual level of achievement of the performance goals ($284,057), (ii) 2015-16 performance measurement period based on the actual level of achievement of the performance goals ($251,691), and (iii) 2016-17 performance measurement period, pro rated to the termination date, based on a target level of achievement of the performance goals ($91,875). The amounts would be payable to the executive at the same time as the payouts are made for these performance periods to the other participants in 2017, 2018, and 2019, respectively.

(11) SERP benefit payable in a lump sum following the determination of disability or the date of death.

(12) Senior executive life insurance benefit is payable following death in a lump sum to the executive's beneficiary.

Trust Agreement for Certain Benefit Plans

The Company has established a trust for certain benefit plans, arrangements, and agreements, including the SERP, the Foot Locker Excess Cash Balance Plan, the executive employment agreements, and other benefit plans, agreements or arrangements that may be covered at a later date (collectively, the "Benefit Obligations"). Under the trust agreement, if there is a Change in Control of the Company (as defined in the Trust agreement), the trustee would pay to the persons entitled to the Benefit Obligations the amounts to which they may become entitled under the Benefit Obligations. Upon the occurrence of a Potential Change in Control of the Company as defined in the trust agreement, the Company is required to fund the trust with an amount sufficient to pay the total amount of the Benefit Obligations. Following the occurrence, and during the pendency, of a Potential Change in Control, the trustee would be required to make payments of Benefit Obligations to the extent these payments are not made by the Company.

Equity Compensation Plan Information

The following table provides information as of January 28, 2017 for compensation plans under which equity securities may be issued:

Plan Category	**(a)** **Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)**	**(b)** **Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ($)**	**(c)** **Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) (#)**
Equity Compensation Plans Approved by Security Holders	2,806,128	42.61	14,606,311 (1)(2)
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	2,806,128	42.61	14,606,311

Notes to Equity Compensation Plan Table

(1) Includes 2,633,655 shares available for future issuance under the 2013 Employees Stock Purchase Plan (the "2013 Purchase Plan") other than upon the exercise of options, warrants, or rights.

Participating employees under the 2013 Purchase Plan may contribute up to 10% of their annual compensation during a plan year to acquire shares of the Company's Common Stock at 85% of the lower market price on one of two specified dates in each plan year. In no event may the number of shares purchased on behalf of any one participant in any plan year exceed the number determined by dividing $25,000 by the fair market value of a share on the date of grant.

(2) The Stock Incentive Plan currently is the only plan under which stock awards may be granted to directors, officers, and other employees of the Company.

Payouts under the LTIP may be made in cash or shares of Common Stock. If shares are used, they would be issued as Other Stock-Based Awards under the Stock Incentive Plan.

Proposal 2: Ratification of the Appointment of our Independent Registered Public Accounting Firm

The Audit Committee is responsible for the appointment, compensation, retention, and oversight of the independent registered public accounting firm retained to audit the Company's financial statements. The Audit Committee conducts an annual evaluation of the independent registered public accounting firm's qualifications, performance, and independence. The Audit Committee exercises sole authority to approve all audit engagement fees. In addition to ensuring the regular rotation of the lead audit partner as required by law, the Audit Committee is involved in the selection of, and reviews and evaluates, the lead audit partner.

The Audit Committee has appointed KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year. We are asking shareholders at this meeting to ratify this appointment of KPMG LLP for 2017. The Audit Committee and the Board believe that the continued retention of KPMG LLP to serve as the Company's independent registered public accounting firm is in the best interests of the Company and its shareholders. Although ratification is not required by our By-Laws or otherwise, the Board is submitting the appointment of KPMG LLP to our shareholders for ratification because we value our shareholders' views on this appointment and as a matter of good corporate governance. In the event that shareholders fail to ratify the appointment, it will be considered a recommendation to the Board and the Audit Committee to consider the selection of a different firm. Even if the appointment is ratified, the Audit Committee may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

Representatives of KPMG will be present at the 2017 Annual Meeting and will have an opportunity to make a statement and respond to appropriate questions.

The Board recommends a vote **FOR** Proposal 2.

Audit and Non-Audit Fees

The following table shows the fees we paid to KPMG for the audit of the Company's annual financial statements for 2016 and 2015, as well as the fees billed for other services KPMG provided during these two fiscal years:

Category	**2015 ($)**	**2016 ($)**
Audit Fees(1)	2,908,000	3,176,000
Audit-Related Fees(2)	170,000	200,000
Tax Fees(3)	253,000	240,000
All Other Fees	—	—
Total	3,331,000	3,616,000

Notes to Audit and Non-Audit Fees Table

(1) Audit fees consisted of professional services provided in connection with the audit of our annual financial statements, reviews of financial statements included in our Form 10-Qs, as well as work generally only the independent auditor can reasonably be expected to provide, such as statutory audits.

Proposal 2

(2) Audit-related fees consisted principally of audits of financial statements of certain employee benefit plans and the Foot Locker Foundation.
(3) Tax fees consisted principally of assistance with matters related to tax compliance.

Audit Committee Preapproval Policies and Procedures

The Audit Committee has a policy that all audit and non-audit services to be provided by our independent accountants, including services for our subsidiaries and affiliates, are to be approved in advance by the Audit Committee, regardless of the estimated cost for providing such services. Between meetings of the Audit Committee, the Audit Committee has delegated this authority to the Audit Committee Chair. In practice, these fees are normally approved by the Audit Committee Chair and reviewed with the Audit Committee at a subsequent meeting. Management reviews with the Audit Committee at regularly scheduled meetings the total amount and nature of the audit and non-audit services provided by the independent accountants, including services for our subsidiaries and affiliates, since the Audit Committee's last meeting.

Audit Committee Report

In accordance with the charter adopted by the Board, the Audit Committee assists the Board in fulfilling its oversight responsibilities in the areas of the Company's accounting policies and practices and financial reporting. The Audit Committee has responsibility for appointing the independent registered public accounting firm. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

The Audit Committee consists of five independent directors, as independence is defined under the NYSE rules. All of the Audit Committee members meet the expertise requirements under the NYSE rules.

The Audit Committee held nine meetings in 2016. At its meetings during 2016, the Audit Committee discussed with management, the Company's independent registered public accounting firm (KPMG LLP), and the Company's internal auditors the assessment of the Company's internal control over financial reporting. The Audit Committee also discussed with KPMG its attestation report and opinion on the Company's internal control over financial reporting contained in the 2016 Annual Report on Form 10-K. The Audit Committee also regularly meets privately with KPMG during the year.

The Audit Committee reviewed and discussed with management and KPMG the audited financial statements for the 2016 fiscal year, which ended January 28, 2017. The Audit Committee also discussed with KPMG the matters required to be discussed by applicable Public Company Accounting Oversight Board (the "PCAOB") standards. The Audit Committee, both with and without management present, discussed and reviewed the results of KPMG's examination of the financial statements and the overall quality of the Company's financial reporting.

The Audit Committee obtained from KPMG the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with KPMG its independence and any relationships that may affect its objectivity. The Audit Committee also considered whether the non-audit services provided by KPMG to the Company are compatible with maintaining KPMG's independence. The Audit Committee has satisfied itself that KPMG is independent.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the 2016 Annual Report on Form 10-K.

Members of the Audit Committee

Guillermo G. Marmol, Chair Maxine Clark Jarobin Gilbert, Jr.
Matthew M. McKenna Ulice Payne, Jr.

Proposal 3: Approval of an Amendment to the By-Laws to Adopt Majority Voting in Uncontested Elections of Directors

On November 16, 2016, the Board approved, subject to shareholder approval at the 2017 Annual Meeting, an amendment to Article II, Section 1 of the Company's By-Laws to provide for majority voting in uncontested director elections, which is a change from the current plurality voting standard. For the reasons described below, the Board believes that it would be in the best interests of the Company and its shareholders to amend our By-Laws to provide for a majority voting standard in uncontested elections of directors at this time.

The Board proposes an amendment to our By-Laws to add a new provision changing the standard for the election of directors in uncontested elections from a plurality voting standard to a majority voting standard, and retaining a plurality standard in contested elections. Article II, Section 1 of the By-Laws is a shareholder-approved by-law, and we would continue to be required to seek our shareholders' approval for any future amendments to this by-law.

The Board has concluded that the adoption of the proposed majority voting standard in uncontested elections will provide shareholders a greater voice in determining the composition of the Board by giving effect to shareholder votes "against" a director candidate and by requiring a majority of shareholder votes for a candidate to obtain or retain a seat on the Board. The adoption of this standard in uncontested elections is intended to reinforce the accountability of the Board to our shareholders voting in uncontested director elections. If adopted by our shareholders at the 2017 Annual Meeting, the majority vote standard would apply to all future uncontested director elections beginning in 2018.

If this proposal is approved by our shareholders, we expect to retain our director resignation policy, conformed as necessary to reflect the provisions of this proposal. Under New York law, an incumbent director who is not re-elected remains in office until his or her successor is elected, continuing as a "holdover" director. We expect our policy to continue to require an incumbent director who does not receive more votes "for" than "against" his or her election in an uncontested election to submit a written offer of resignation to the Nominating Committee, which will make a recommendation to the Board as to whether or not it should be accepted. The Board will consider the recommendation and decide whether to accept the resignation.

The full text of Article II, Section 1 of the By-Laws, as proposed to be amended, is as follows:

"The number of directors constituting the entire Board of Directors shall be not less than 7 or more than 13, the exact number of directors to be determined from time to time by resolution adopted by a majority of the entire Board of Directors. At each annual meeting of shareholders, directors shall be elected to hold office. A nominee for director shall be elected to the Board of Directors at a meeting of shareholders for the election of directors at which a quorum is present if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of shareholders for which the Secretary of the Corporation determines that the number of nominees exceeds the number of directors to be elected as of the date seven days prior to the scheduled mailing date of the proxy statement for such meeting."

The Board recommends a vote **FOR** Proposal 3.

Proposal 4: Approval of an Amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated

The Foot Locker Annual Incentive Compensation Plan, as Amended and Restated (the "Annual Bonus Plan") was amended on March 22, 2017 by the Compensation Committee, subject to our shareholders' approval at the 2017 Annual Meeting as to Covered Employees. The Annual Bonus Plan is designed to comply with the requirements of Section 162(m). Under Section 162(m), the Company cannot deduct certain compensation in excess of $1 million paid to each of the chief executive officer and the three other most highly paid executive officers (other than the chief financial officer) of the Company (each, a "Covered Employee"). Certain compensation, including compensation paid based on the achievement of pre-established performance goals, is excluded from this deduction limit if the material terms under which the compensation is to be paid, including the performance goals to be used, are approved by shareholders.

2017 Amendment

We are asking shareholders to approve an amendment to the Annual Bonus Plan to increase the maximum bonus payout to any Covered Employee for any plan year from $3 million to $6 million. If the performance goals are achieved for the 2017 plan year, Mr. Johnson has the opportunity to receive a payout at maximum under this plan of $3.3 million, reflecting his base salary of $1.1 million and a maximum payout of 200% of his annual target award for the plan year. As this potential maximum payout would exceed the current $3 million payout limitation under the plan, we are requesting that shareholders approve an amendment to the plan to increase the payout limitation to $6 million. This would provide the Compensation Committee with flexibility to set increased annual incentive targets to further incent Mr. Johnson and other senior executives, if the committee determined this to be appropriate. When compared with our peer group, a $6 million payout limitation represents the median payout limitation of comparable annual incentive plans. The performance goals are unchanged from 2016 when shareholders last approved the goals. A complete copy of the Annual Bonus Plan, as proposed to be amended, is attached to this Proxy Statement as Appendix A.

Material Features of the Annual Bonus Plan

The following is only a summary of the principal features of the Annual Bonus Plan. This summary is qualified in its entirety by the complete text of the plan. Capitalized terms that are used in this summary but that are not defined here have the meanings contained in the Annual Bonus Plan.

Purpose of the Plan. The purposes of the Annual Bonus Plan are to reinforce corporate, organizational, and business development goals; to promote the achievement of year-to-year financial and other business objectives; to reward the performance of individual officers and other employees in fulfilling their personal responsibilities for year-to-year achievements; and to serve as a qualified performance-based compensation program under Section 162(m) with regard to the Company's Covered Employees.

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Proposal 4

Administration. The Annual Bonus Plan is administered by the Compensation Committee. Each member of this committee is an "outside director" under Section 162(m). The Committee has the authority to grant awards, determine performance criteria, certify attainment of performance goals, construe and interpret the Annual Bonus Plan and make all other determinations deemed necessary or advisable for the administration of this plan.

Participation. Participation in the Annual Bonus Plan is limited to those officers and other key employees of the Company, its subsidiaries and divisions, as selected by the Compensation Committee. In determining the persons to whom awards shall be granted, the Compensation Committee takes into account such factors as it considers appropriate to accomplish the purposes of the Annual Bonus Plan. Currently, 449 executives are eligible to participate in the Annual Bonus Plan.

Awards and Payment. Awards under the Annual Bonus Plan relate to a performance period coinciding with the Company's fiscal year (the "Performance Period"). The individual target award for each participant is expressed as a percentage of Annual Base Salary. Payment for the awards is made only if the performance goals for the Performance Period are achieved and certified by the Compensation Committee and generally only if the participant remains employed by the Company through the Payment Date. Any payments under the plan must be made within two and one-half months following the end of the applicable performance period.

Limit on Payment. As proposed to be amended, payment to a Covered Employee may not exceed $6 million for any performance period.

Performance Goals. The Annual Bonus Plan provides that the Compensation Committee generally has the authority to determine the performance goals that will be in effect for a Performance Period and to determine them for the Covered Employees solely to the extent permitted by Section 162(m). The Compensation Committee also has the authority to incorporate provisions in the performance goals allowing for adjustments in recognition of unusual or non-recurring events affecting the Company or our financial statements or in response to changes in applicable laws, regulations or accounting principles.

The performance goals for the Covered Employees will be determined by the Compensation Committee based on attaining one or more of the following criteria:

- target levels of, or percentage increase in,

  pre-tax profit;

division profit;

after-tax profits of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

after-tax or pre-tax return on shareholders' equity of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker);

- target levels of, or a specified increase in,

operational cash flow of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

return on invested capital or return on investment;

- a certain level of, a reduction of, or other specified objectives with regard to limiting the level of increase in, Foot Locker's bank debt, other long-term or short-term public or private debt, or other similar financial obligations of Foot Locker, if any, which may be calculated net of any cash balances and/or other offsets and adjustments as may be established by the Compensation Committee;

Proposal 4

- a specified percentage increase in earnings per share or earnings per share from continuing operations of Foot Locker (or a subsidiary, division or other operational unit of Foot Locker);
- target levels of, or a specified percentage increase in, revenues, net income, or earnings before interest, taxes, depreciation and/or amortization, of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker); and
- a certain target level of, or reduction in, selling, general and administrative expense as a percentage of revenue of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker).

Amendment or Termination of Plan. The Compensation Committee may amend, suspend, or terminate the Annual Bonus Plan, or any part of it, but no amendment that requires shareholder approval in order for the plan to continue to comply with Section 162(m) will be effective unless it is approved by the required vote of our shareholders. Also, no amendment may adversely affect the rights of any participant without the participant's consent under any awards previously granted under the plan.

Benefits Not Determinable. Because performance goal criteria may vary from year to year, benefits under the Annual Bonus Plan are not determinable. The Annual Bonus Plan is designed to provide payments only if the performance goals established by the Compensation Committee have been met and the attainment of the goals has been certified by the Compensation Committee. The payments made to the named executive officers under the Annual Bonus Plan for the 2016 fiscal year are set out in Note 5 to the Summary Compensation Table on Page 50.

The Board recommends a vote **FOR** Proposal 4.

Proposal 5: Advisory Approval of Executive Compensation

The Board is asking our shareholders to approve, on a nonbinding, advisory basis, the compensation of our named executive officers, as described in this Proxy Statement on Pages 29 through 77. This advisory "Say-on-Pay" vote is required under Section 14A of the Exchange Act. Consistent with the preference expressed by a majority of our shareholders in 2016, we currently hold our Say-on-Pay vote every year. Shareholders will have an opportunity to cast an advisory vote on the frequency of Say-on-Pay votes at least every six years. The next advisory vote on the frequency of the Say-on-Pay vote is expected to occur at the 2022 Annual Meeting.

As described in detail under the CD&A beginning on Page 29, our compensation program is designed to attract, motivate and retain talented executives in order to maintain and enhance the Company's performance and its return to shareholders. In order to accomplish this, we have a compensation program for our executives, including the named executive officers, that ties pay closely to performance. A significant portion of the compensation provided to the named executive officers is based upon the Company's performance or the performance of our share price, and we believe this compensation structure closely aligns the interests of our named executive officers with the interests of our shareholders. The more senior an executive's position, the greater portion of his or her compensation that is tied to performance. We believe you should read the CD&A and the compensation tables beginning on Page 29 and also consider the following factors in determining whether to approve this proposal:

2016 Results. Our 2016 fiscal year was the sixth consecutive year that our sales and profit results represented the highest levels ever achieved in our history as an athletic footwear and apparel business. As a result of our strong performance, we already achieved one of the objectives set in our long-range strategic plan adopted in early 2015, and made significant progress on the others, as shown in the table below:

Financial Metrics	2015	2016	2015-20 Long-Term Objectives
Sales (billions)	$7.4	$7.8	$10
Sales Per Gross Square Foot	$504	$515	$600
Adjusted Earnings Before Interest and Taxes (EBIT) Margin*	12.8 %	13.0 %	12.5 %
Adjusted Net Income Margin*	8.2 %	8.4 %	8.5 %
Return on Invested Capital (ROIC)*	15.8 %	15.1 %	17 %

* A reconciliation to GAAP is provided on Pages 16 through 18 of our 2016 Annual Report on Form 10-K.

Meaningful Stock Ownership Requirements. The Company's Stock Ownership Guidelines require that the named executive officers hold a significant amount of the Company's Common Stock as a percentage of their base salaries. Mr. Johnson is required to hold six times his annual base salary; Ms. Peters, Mr. Jacobs and Mr. Kimble are required to hold three times their annual base salaries; and Ms. Alviti is required to hold two times her annual base salary. Each of the named executive officers currently meets or exceeds these guidelines.

Pay for Performance Culture. Our executive compensation program is designed to reinforce our pay-for-performance culture. Payouts under our Annual Bonus Plan and LTIP are earned only if the Company performs.

Proposal 5

Earned Payouts for Performance. Based upon the Company's performance, payments were made to the named executive officers under the Annual Bonus Plan for 2016. LTIP payouts were earned for the 2015-16 performance measurement period and will be paid out in 2018. As described on Page 39 of the CD&A, our LTIP is based on a two-year performance measurement period with an additional one-year vesting period, payable (i) 50% in cash under the LTIP and 50% in RSUs under the Stock Incentive Plan for awards prior to and including the 2015-16 performance measurement period, and (ii) 25% in cash under the LTIP and 75% in RSUs under the Stock Incentive Plan for the 2016-17 performance measurement period, in each case only if the applicable goals are achieved.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers as a whole, as described in this Proxy Statement in accordance with the SEC's compensation disclosure rules. The vote is advisory, which means that the vote is not binding on the Company, our Board or the Compensation Committee. Our Board and the Compensation Committee value the opinions of all of our shareholders. The Compensation Committee will review and consider the results of this advisory vote.

The Board recommends approval of the following resolution:

"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of our named executive officers, as disclosed in the Company's Proxy Statement for the 2017 Annual Meeting pursuant to the SEC's compensation disclosure rules, including the CD&A, the 2016 Summary Compensation Table, and the other related tables and disclosures."

The Board recommends a vote **FOR** Proposal 5.

Deadlines and Procedures for Nominations and Shareholder Proposals

SEC Rule 14a-8

Under SEC Rule 14a-8, if a shareholder would like us to include a proposal in our proxy statement and form of proxy for the 2018 Annual Meeting, our Secretary must receive the proposal at our corporate headquarters at 330 West 34th Street, New York, New York 10001 by December 8, 2017 in order to be considered for inclusion in the 2018 proxy statement.

Other Proposals

For any shareholder proposal that is not submitted under SEC Rule 14a-8, including nominations for directors, our By-Laws describe the procedures that must be followed. Under these procedures, we must receive notice of a shareholder's intention to introduce a nomination or proposed item of business for an annual meeting not less than 90 days nor more than 120 days before the first anniversary of the prior year's annual meeting. For the 2018 Annual Meeting, we must receive this notice no earlier than January 17, 2018 and no later than February 16, 2018, assuming that our 2018 Annual Meeting is held on schedule. However, if we hold the 2018 annual meeting on a date that is not within 30 days before or after the first anniversary of the prior year's Annual Meeting, then we must receive the notice no later than ten days after the earlier of the date we first provide notice of the meeting to shareholders or announce it publicly.

Proposals for nomination for directors and other items of business should be addressed to the Secretary, 330 West 34th Street, New York, New York 10001 and must contain the information specified in the Company's By-Laws, which are available on the corporate governance section of our corporate website at www.footlocker.com/corpgov or from the Secretary.

Questions and Answers about this Annual Meeting and Voting

Q: What is included in these proxy materials?

A: The proxy materials include our 2017 Proxy Statement and 2016 Annual Report on Form 10-K. If you received printed copies of these materials by mail, these materials also include the proxy card for the 2017 Annual Meeting.

Q: May I obtain an additional copy of the 2016 Annual Report on Form 10-K?

A: You may obtain an additional copy of our 2016 Annual Report on Form 10-K without charge by writing to our Investor Relations Department at Foot Locker, Inc., 330 West 34th Street, New York, New York 10001. It is also available free of charge through our corporate website at www.footlocker.com/corpgov.

Q: What constitutes a quorum for the Annual Meeting?

A: We will have a quorum and will be able to conduct the business of the Annual Meeting if the holders of a majority of the shares outstanding and entitled to vote are present at the meeting, either in person or by proxy. We will count abstentions and broker non-votes, if any, as present and entitled to vote in determining whether we have a quorum.

Q: Who may vote at the Annual Meeting?

A: Only shareholders of record on the books of the Company as of March 20, 2017 (the record date) are entitled to vote at the Annual Meeting and any adjournments or postponements on the items of business described in this Proxy Statement. There were 131,233,011 shares of Common Stock outstanding as of March 20, 2017. Each share of Common Stock is entitled to one vote.

Q: Can I vote shares held in employee plans?

A: If you hold shares of Foot Locker Common Stock through the Foot Locker 401(k) Plan or the Foot Locker Puerto Rico 1165(e) Plan, your proxy card includes the number of shares allocated to your plan account. Your proxy card will serve as a voting instruction card for these shares for the plan trustee to vote the shares. The trustee will vote only those shares for which voting instructions have been given. To allow sufficient time for voting by the trustees of these plans, your voting instructions must be received by 11:59 p.m. EDT on May 14, 2017.

Questions and Answers

Q: What proposals are shareholders voting on at this meeting and what are the voting recommendations of the Board and the vote requirements to approve the proposals?

A: The proposals that you are being asked to vote on at the Annual Meeting, our Board's voting recommendations, and the vote required to approve each proposal are as follows:

Proposal		**Board's Voting Recommendation**	**Vote Required to Approve**
Proposal 1	Election of Eleven Directors to Serve for One-Year Terms	FOR EACH NOMINEE	Plurality of Votes Cast by Shareholders (please see our policy described on Page 10 regarding resignations by directors who do not receive more "For" votes than "Withheld" votes)
Proposal 2	Ratification of the Appointment of KPMG LLP as Our Independent Registered Public Accounting Firm for 2017	FOR	Majority of Votes Cast by Shareholders
Proposal 3	Approval of Amendment to the By-Laws to Adopt Majority Voting in Uncontested Elections of Directors	FOR	Majority of Votes Cast by Shareholders
Proposal 4	Approval of Amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated	FOR	Majority of Votes Cast by Shareholders
Proposal 5	Advisory Approval of the Compensation of our Named Executive Officers	FOR	Majority of Votes Cast by Shareholders

Q: Could other matters be voted on at the Annual Meeting?

A: We do not know of any other business that will be presented at the 2017 Annual Meeting. If any other matters are properly brought before the meeting for consideration, then the persons named as proxies will have the discretion to vote on those matters for you using their best judgment.

Q: What happens if I do not vote my shares?

A: This depends on how you hold your shares and the type of proposal. If you hold your shares in "street name," such as through a bank or brokerage account, it is important that you cast your vote if you want it to count for Proposals 1, 3, 4, and 5. If you do not instruct your bank or broker regarding how to vote your shares on these proposals, no votes will be cast on your behalf because the broker does not have discretionary authority to vote. This is called a "broker non-vote." With regard to Proposal 2, your bank or broker will have discretion to vote any uninstructed shares for this proposal.

If you are a "shareholder of record," meaning your stock ownership is reflected directly on the books and records of the Company's transfer agent, or if you hold your shares through the Foot Locker 401(k) Plan or Foot Locker 1165(e) Plan, no votes will be cast on your behalf on any of the proposals if you do not cast your vote.

Q: How will the votes be counted?

A: Votes will be counted and certified by an independent inspector of election.

Votes withheld for the election of one or more of the nominees for director will not be counted as votes cast for them. If you abstain from voting or there is a broker non-vote on any matter, your abstention or broker non-vote will not affect the outcome of such vote because abstentions and broker non-votes are not considered to be votes cast.

Questions and Answers

Q: How do I vote my shares?

A: You may vote using any of the following methods:

Telephone

If you are located within the United States or Canada, you may vote your shares by calling 1-800-690-6903 and following the recorded instructions. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. EDT on May 16, 2017. The telephone voting system has easy to follow instructions and allows you to confirm that the system has properly recorded your vote. If you vote by telephone, you do NOT need to return a proxy card or voting instruction form.

Scanning

You may scan the QR Code provided to you to vote your shares through the Internet with your mobile device. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. EDT on May 16, 2017. You will be able to confirm that the system has properly recorded your vote. You do NOT need to return a proxy card or voting instruction form if you scan your QR code to vote.

Ballot

You may vote by ballot at the Annual Meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting. If you plan to vote by ballot at the Annual Meeting, you do NOT need to return a proxy card or voting instruction form.

Internet

You may vote your shares through the Internet at www.proxyvote.com. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. EDT on May 16, 2017. As with telephone voting, you will be able to confirm that the system has properly recorded your vote. If you vote via the Internet, you do NOT need to return a proxy card or voting instruction form.

Mail

If you received printed copies of the proxy materials by mail, you may vote by mail. Simply mark your proxy card or voting instruction form, date and sign it, and return it in the postage-paid envelope that we included with your materials.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting. If you sign and return a proxy card but do not give voting instructions, the shares represented by that proxy card will be voted as recommended by the Board.

Q: Can I change my mind after voting my shares?

A: You may revoke your proxy at any time before it is used by

•sending a written notice to the Secretary at the Company's corporate headquarters,

•delivering a valid proxy card with a later date,

•providing a later dated vote by telephone or Internet, or

•voting by ballot at the Annual Meeting.

Questions and Answers

Q: Will my vote be confidential?

A: We maintain the confidentiality of our shareholders' votes. All proxy cards, electronic voting, voting instructions, ballots, and voting tabulations identifying shareholders are kept confidential from the Company, except:

- as necessary to satisfy any applicable legal requirements,
- when a shareholder requests disclosure or writes a comment on a proxy card,
- in a contested proxy solicitation, and
- to allow independent inspectors of election to tabulate and certify the vote.

Q: Do I need a ticket to attend the Annual Meeting?

A: Yes, attendance at the meeting will be limited to shareholders as of March 20, 2017 (or their authorized representatives) having an admission ticket or proof of their share ownership, and guests of the Company. If you plan to attend the meeting, please indicate this when you vote, and we will promptly mail an admission ticket to you.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you can obtain an admission ticket in advance by providing proof of your ownership, such as a brokerage account statement, to the Secretary at Foot Locker, Inc., 330 West 34th Street, New York, New York 10001. If you do not have an admission ticket, you must show proof of your ownership of the Company's Common Stock at the registration table at the door.

Q: Who pays the cost of this proxy solicitation?

A: We will pay for the cost of the solicitation of proxies, including the preparation, printing, and mailing of the proxy materials.

Proxies may be solicited, without additional compensation, by our directors, officers, or employees by mail, telephone, facsimile, in person, or otherwise. We will request banks, brokers, and other custodians, nominees, and fiduciaries to deliver proxy materials to the beneficial owners of Foot Locker's Common Stock and obtain their voting instructions, and we will reimburse those firms for their expenses under both SEC and NYSE rules. In addition, we have retained Innisfree M&A Incorporated to assist us in the solicitation of proxies for a fee of $12,500 plus out-of-pocket expenses.

Q: Why did I receive a Notice of Internet Availability of Proxy Materials but no proxy materials?

A: We are furnishing proxy materials to our shareholders primarily over the Internet under the SEC's notice and access rules instead of mailing full sets of the printed materials. We believe that this procedure reduces costs, provides greater flexibility to our shareholders, and lessens the environmental impact of our Annual Meeting. On or about April 7, 2017, we started mailing a Notice of Internet Availability of Proxy Materials (the "Foot Locker Notice") to most of our shareholders in the United States. The Foot Locker Notice contains instructions on how to access and read our 2017 Proxy Statement and our 2016 Annual Report to Shareholders on the Internet and to vote online. If you received a Foot Locker Notice by mail, you will not receive paper copies of the proxy materials in the mail, unless you request them. Instead, the Foot Locker Notice instructs you on how to access and read the Proxy Statement and Annual Report and how you may submit your vote over the Internet. If you received a Foot Locker Notice by mail and would like to receive a printed copy of the materials, please follow the instructions on the Foot Locker Notice for requesting the materials, and we will promptly mail the materials to you.

We are mailing to shareholders, or making available to shareholders via the Internet, this Proxy Statement, form of proxy card, and our 2016 Annual Report on Form 10-K on or about April 7, 2017.

Questions and Answers

Q: What is "householding" and how does it affect me?

A: Foot Locker has adopted the "householding" procedure approved by the SEC, which allows us to deliver one set of documents to a household of shareholders instead of delivering a set to each shareholder in a household, unless we have been instructed otherwise. This procedure is more environmentally friendly and cost-effective because it reduces the number of copies to be printed and mailed. Shareholders who receive proxy materials in paper form will continue to receive separate proxy cards/voting instruction forms to vote their shares. Shareholders who receive the Foot Locker Notice will receive instructions on submitting their proxy cards/voting instruction form via the Internet.

If you would like to change your householding election, request that a single copy of the proxy materials be sent to your address, or request a separate copy of the proxy materials, please contact Broadridge Financial Solutions, Inc., by calling (866) 540-7095 or by writing to Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York 11717. We will promptly deliver the proxy materials to you upon receipt of your request. If you hold your shares in street name, please contact your bank, broker, or other record holder to request information about householding.

Q: Where is the location of the 2017 Annual Meeting?

A: This year's annual meeting will be held at NYC33, 125 West 33rd Street, New York, New York 10001 (located between 6th Avenue and 7th Avenue).

Directions

By subway

Take any of the A, C, E, 1, 2, or 3 subway lines to 34th Street–Penn Station. NYC33 is on the north side of 33rd Street between 6th Avenue and 7th Avenue.

By car or taxi

Take the Lincoln Tunnel into New York City, following the signs for 34th Street. Turn left onto West 34th Street; turn right onto 7th Avenue; turn left onto West 32nd Street; turn left onto 6th Avenue; and immediately turn left onto West 33rd Street. NYC33 is on the north side of 33rd Street between 6th Avenue and 7th Avenue.

By Order of the Board of Directors

Sheilagh M. Clarke

Secretary

April 7, 2017

Appendix A

Foot Locker Annual Incentive Compensation Plan, as Amended and Restated

The Compensation and Management Resources Committee of the Board of Directors of Foot Locker, Inc. (“Foot Locker”) amended the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated (the “Plan”) as of March 22, 2017. The Plan was previously amended as of March 28, 2013, and the performance goals under the Plan were reapproved in 2016.

1. **Purpose of the Plan.** The purposes of the Plan are:

(a) to reinforce corporate organizational and business development goals.

(b) to promote the achievement of year-to-year and long-range financial and other business objectives such as high quality of service and product, improved productivity and efficiencies for the benefit of our customers’ satisfaction and to assure a reasonable return to Foot Locker’s shareholders.

(c) to reward the performance of officers and key employees in fulfilling their personal responsibilities for annual achievements.

(d) to serve as a qualified performance-based compensation program under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) or any successor section and the Treasury regulations promulgated thereunder (“Section 162(m) of the Code”).

2. **Definitions.** The following terms, as used herein, shall have the following meanings:

(a) **“Annual Base Salary”** with respect to any Plan Year shall mean the total amount paid by Foot Locker and its subsidiaries to a participant during such Plan Year without reduction for any amounts withheld pursuant to participation in a qualified “cafeteria plan” under Section 125 of the Code, a qualified transportation arrangement under Section 132(f)(4) of the Code, or a cash or deferred arrangement under Section 401(k) of the Code. Annual Base Salary shall not include any amount paid or accruing to a participant under the Foot Locker Long-Term Incentive Compensation Plan or any other incentive compensation or bonus payment or extraordinary remuneration, expense allowances, imputed income or any other amounts deemed to be indirect compensation, severance pay and any contributions made by Foot Locker to this or any other plan maintained by Foot Locker or any other amounts which, in the opinion of the Committee, are not considered to be Annual Base Salary for purposes of the Plan.

(b) **“Board”** shall mean the Board of Directors of Foot Locker.

(c) **“Change in Control”** shall mean any of the following: (i) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any person other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (B) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), of securities representing more than the amounts set forth in (ii) below; (ii) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), in the

aggregate, of securities of the Company representing thirty-five percent (35%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any person acting in concert; or (iii) during any period of not more than twelve (12) months, individuals who at the beginning of such period constitute the Board of Directors of the Company (referred to herein as the "Board"), and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds ( ) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(d) **"Committee"** shall mean two or more members of the Compensation and Management Resources Committee of the Board, each of whom is an "outside director" within the meaning of Section 162(m) of the Code.

(e) **"Covered Employee"** shall mean an officer or key employee of Foot Locker who is designated as an executive officer for purposes of Rule 3b-7 of the Securities Exchange Act of 1934 for the relevant Plan Year.

(f) **"Payment Date"** shall mean the date selected by the Committee for payments under the Plan to be made following the finalization, review and approval of performance goal achievements for the Plan Year, which date shall be within two and one-half months following the end of the Plan Year.

(g) **"Individual Target Award"** shall mean the targeted performance award for a Plan Year specified by the Committee as provided in Section 6 herein.

(h) **"Plan Year"** shall mean Foot Locker's fiscal year during which the Plan is in effect.

(i) **"Termination"** shall mean: (1) a termination of service for reasons other than a military or personal leave of absence granted by the Company or a transfer of a Participant from or among the Company and a parent corporation or subsidiary corporation, as defined under Code Sections 424(e) or 424(f), respectively, or (2) when a subsidiary, which is employing a Participant, ceases to be a subsidiary corporation, as defined under Section 424(f) of the Code.

3. **Administration of the Plan.** The Plan shall be administered by the Committee. No member of the Committee while serving as such shall be eligible for participation in the Plan. The Committee shall have exclusive and final authority in all determinations and decisions affecting the Plan and its participants. The Committee shall also have the sole authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, to delegate such responsibilities or duties as it deems desirable, and to make any other determination that it believes necessary or

advisable for the administration of the Plan including, but not limited to: (i) approving the designation of eligible participants; (ii) setting the performance criteria within the Plan guidelines; and (iii) certifying attainment of performance goals and other material terms. The Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to incorporate provisions in the performance goals allowing for adjustments in recognition of unusual or non-recurring events affecting Foot Locker or the financial statements of Foot Locker, or in response to changes in applicable laws, regulations, or accounting principles; provided that the Committee shall have such authority with regard to the performance goals of Covered Employees solely to the extent permitted by Section 162(m) of the Code. To the extent any provision of the Plan creates impermissible discretion under Section 162(m) of the Code or would otherwise violate Section 162(m) of the Code with regard to the performance goals of Covered Employees, such provision shall have no force or effect.

4. **Participation.** Participation in the Plan is limited to officers or key employees of Foot Locker. Individual participants shall be those employees selected in the sole discretion of the Committee (in the case of Covered Employees) or its designee (in the case of all other officers and key employees). In determining the persons to whom awards shall be granted, the Committee shall take into account such factors as the Committee shall deem appropriate

in connection with accomplishing the purposes of the Plan. The Committee may from time to time designate additional participants who satisfy the criteria for participation as set forth herein and shall determine when an officer or key employee of Foot Locker ceases to be a participant in the Plan.

5. **Right to Payment.** Unless otherwise determined by the Committee in its sole discretion, a participant shall have no right to receive payment under this Plan unless the participant remains in the employ of Foot Locker at all times through and including the Payment Date. In the event of a Change in Control, the Committee shall, to the extent permitted under Section 162(m) of the Code (if applicable), make a payment to any participant who is a participant at the time of such Change in Control and who has a Termination of employment other than for cause, as determined by the Committee, prior to the end of the Plan Year in an amount which is equal to the pro-rata portion (through the date of his or her Termination) of the Individual Target Award based on the actual performance results achieved for such Plan Year, which shall be payable at the same time as payments for such Plan Year are made to actively employed participants, as provided under Section 7 of this Plan.

6. **Payment.**

(a) Payment under this Plan to a participant will be made in cash in an amount equal to the achieved percentage of such participant’s Annual Base Salary as determined by the Committee for each Plan Year. Such percentage shall be based on the participant’s achievement of his or her Individual Target Award. Payment shall be made only if and to the extent the performance goals with respect to the Plan Year are attained.

(b) At the beginning of each Plan Year (or, with respect to Covered Employees, within the time period prescribed by Section 162(m) of the Code), the Committee shall establish all performance goals and the Individual Target Awards for such Plan Year and Foot Locker shall inform each participant of the Committee’s determination with respect to such participant for such Plan Year. Individual Target Awards shall be expressed as a percentage of such participant’s Annual Base Salary. At the time the performance goals are established, the Committee shall prescribe a formula to determine the percentages of the Individual Target Award which may be payable based upon the degree of attainment of the performance goals during the Plan Year.

(c) Notwithstanding anything to the contrary contained in this Plan,

(1) the performance goals in respect of awards granted to participants who are Covered Employees, shall be based on one or more of the following criteria:

(i) the attainment of certain target levels of, or percentage increase in, pre-tax profit;

(ii) the attainment of certain target levels of, or percentage increase in, division profit;

(iii) the attainment of certain target levels of, or a percentage increase in, after-tax profits of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(iv) the attainment of certain target levels of, or a specified increase in, operational cash flow of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(v) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of, Foot Locker's bank debt or other long-term or short-term public or private debt or other similar financial obligations of Foot Locker, if any, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee;

(vi) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations of Foot Locker (or a subsidiary, division or other operational unit of Foot Locker);

(vii) the attainment of certain target levels of, or a specified percentage increase in, revenues, net income, or earnings before (A) interest, (B) taxes, (C) depreciation and/or (D) amortization, of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(viii) the attainment of certain target levels of, or a specified increase in, return on invested capital or return on investment;

(ix) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on shareholders' equity of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker); and

(x) the attainment of a certain target level of, or reduction in, selling, general and administrative expense as a percentage of revenue of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker), and

(2) in no event shall payment in respect of an award granted for a performance period be made to a participant who is a Covered Employee as of the end of such Plan Year in an amount which exceeds $6 million. Subject to Section 3 of the Plan regarding certain adjustments, in connection with the establishment of the performance goals, the criteria listed above for Foot Locker (or any subsidiary, division or other operational unit of Foot Locker) shall be determined in accordance with generally accepted accounting principles consistently applied by Foot Locker, but before consideration of payments to be made pursuant to this Plan and pursuant to the Foot Locker Long-Term Incentive Compensation Plan.

7. **Time of Payment.** All payments earned by participants under this Plan will be paid after performance goal achievements for the Plan Year have been finalized, reviewed, approved, and to the extent required by Section 162(m) of the Code, certified by the Committee but in no event later than two and one-half months following the end of the applicable Plan Year. Foot Locker's independent accountants shall, as of the close of the Plan Year, determine whether the performance goals have been achieved and communicate the results of such determination to the Committee.

8. **Miscellaneous Provisions.**

(a) A participant's rights and interests under the Plan may not be sold, assigned, transferred, pledged or alienated.

(b) In the case of a participant’s death, payment, if any, under the Plan shall be made to his or her designated beneficiary, or in the event no beneficiary is designated or surviving, to the participant’s estate.

(c) Neither this Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of Foot Locker.

(d) Foot Locker shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments made pursuant to the Plan.

(e) While Foot Locker does not guarantee any particular tax treatment, the Plan is designed and intended to comply with the short-term deferral rules under Section 409A of the Code and the applicable regulations thereunder and shall be limited, construed and interpreted with such intent. All amounts payable under the Plan shall be payable within the short-term deferral period in accordance with Section 409A and regulations issued thereunder.

(f) The Plan is designed and intended to comply with Section 162(m) of the Code with regard to awards made to Covered Employees, and all provisions hereof shall be limited, construed and interpreted in a manner so to comply.

(g) The Board or the Committee may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part; provided, that, no amendment which requires shareholder approval in order for the Plan to continue to comply with the exception for performance based compensation under Section 162(m) of the Code shall be effective unless the same shall be approved by the requisite vote of the shareholders of Foot Locker as determined under Section 162(m) of the Code. Notwithstanding the foregoing, no amendment shall affect adversely any of the rights of any participant, without such participant's consent, under the award theretofore granted under the Plan.

(h) The Plan shall be binding on Foot Locker and its successors by operation of law.

Thank you for being a shareholder and for the trust you have in Foot Locker, Inc.

Y O U R V O T E I S I M P O R T A N T

P L E A S E V O T E Y O U R P R O X Y

FOOT LOCKER, INC.
330 WEST 34TH STREET
NEW YORK, NY 10001

SCAN TO
VIEW MATERIALS & VOTE

VOTE BY INTERNET - www.proxyvote.com or scan the QR Barcode above

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E19110-P88728 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

FOOT LOCKER, INC.

Proposals - The Board of Directors recommends a vote FOR EACH NOMINEE for Director in Proposal 1.

1. Election of Eleven Directors to Serve for One-Year Terms.

Nominees:	**For**	**Withhold**
1a. Maxine Clark	o	o
1b. Alan D. Feldman	o	o
1c. Jarobin Gilbert, Jr.	o	o
1d. Richard A. Johnson	o	o
1e. Guillermo G. Marmol	o	o
1f. Matthew M. McKenna	o	o
1g. Steven Oakland	o	o
1h. Ulice Payne, Jr.	o	o
1i. Cheryl Nido Turpin	o	o
1j. Kimberly Underhill	o	o
1k. Dona D. Young	o	o

The Board of Directors recommends a vote FOR Proposals 2, 3, 4, and 5.	**For**	**Against**	**Abstain**
2. Ratification of the Appointment of Independent Registered Public Accounting Firm.	o	o	o
3. Approval of an Amendment to the By-Laws to Adopt Majority Voting in Uncontested Elections of Directors.	o	o	o
4. Approval of an Amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated.	o	o	o
5. Advisory Approval of the Company’s Executive Compensation.	o	o	o

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

For address changes and/or comments, please check this box and write them on the back where indicated. o

Please indicate if you plan to attend this meeting. o o

Yes **No**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report with Form 10-K are available at www.proxyvote.com.

E19111-P88728

FOOT LOCKER, INC.
Annual Meeting of Shareholders
May 17, 2017 at 9:00 A.M. Eastern Daylight Time
This proxy is solicited by the Board of Directors of Foot Locker, Inc.

Sheilagh M. Clarke, John A. Maurer, and Lauren B. Peters, or any of them, each with the power of substitution, are hereby authorized to vote the shares of the undersigned at the Annual Meeting of Shareholders of Foot Locker, Inc., to be held on May 17, 2017, at 9:00 A.M., local time, at NYC33, 125 West 33rd Street, New York, New York 10001, and at any adjournment or postponement thereof, upon the matters set forth in Foot Locker, Inc.'s Proxy Statement and upon such other matters as may properly come before the Annual Meeting, voting as specified on the reverse side of this card with respect to the matters set forth in the Proxy Statement, and voting in the discretion of the above-named persons on such other matters as may properly come before the Annual Meeting.

IF YOU ARE NOT VOTING BY TELEPHONE OR INTERNET, PLEASE SIGN AND DATE THE REVERSE SIDE OF THIS PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED ENVELOPE. THE PERSONS NAMED ABOVE AS PROXIES CANNOT VOTE THE SHARES UNLESS YOU SIGN AND RETURN THIS CARD OR VOTE BY TELEPHONE OR INTERNET. YOU MAY SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES, BUT YOU NEED NOT MARK ANY BOX IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS.

EMPLOYEE PLANS

IF YOU ARE A PARTICIPANT IN THE FOOT LOCKER 401(k) PLAN OR THE FOOT LOCKER PUERTO RICO 1165(e) PLAN, BY SIGNING AND RETURNING THIS PROXY CARD (OR VOTING BY TELEPHONE OR INTERNET), YOU WILL AUTHORIZE THE PLAN TRUSTEES TO VOTE THOSE SHARES ALLOCATED TO YOUR ACCOUNT AS YOU HAVE DIRECTED.

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

SCAN TO
VIEW MATERIALS & VOTE

FOOT LOCKER, INC.
ANNUAL MEETING FOR HOLDERS AS OF 3/20/17
TO BE HELD ON 5/17/17

Your vote is important. Thank you for voting.

Read the Proxy Statement and have the voting instruction form below at hand. Please note that the telephone and Internet voting turns off at 11:59 p.m. ET the night before the meeting or cutoff date.

Vote by Internet: www.proxyvote.com, or scan the QR Barcode above.
Vote by Phone: 1-800-454-8683
Vote by Mail: Use the envelope enclosed

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E19130-P88755

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting. The following materials are available at www.proxyvote.com:

Notice and Proxy Statement and Annual Report with Form 10-K

Proposals - The Board of Directors recommends a vote FOR EACH

NOMINEE for Director in Proposal 1.

1. Election of Eleven Directors to Serve for One-Year Terms.

Nominees:	**For**	**Withhold**
1a. Maxine Clark	o	o
1b. Alan D. Feldman	o	o
1c. Jarobin Gilbert, Jr.	o	o
1d. Richard A. Johnson	o	o
1e. Guillermo G. Marmol	o	o
1f. Matthew M. McKenna	o	o
1g. Steven Oakland	o	o
1h. Ulice Payne, Jr.	o	o
1i. Cheryl Nido Turpin	o	o
1j. Kimberly Underhill	o	o
1k. Dona D. Young	o	o

PLEASE “X” HERE ONLY IF YOU PLAN TO ATTEND THE MEETING AND VOTE THESE SHARES IN PERSON o

The Board of Directors recommends a vote FOR Proposals 2, 3, 4, and 5.	**For**	**Against**	**Abstain**
2. Ratification of the Appointment of Independent Registered Public Accounting Firm.	o	o	o
3. Approval of an Amendment to the By-Laws to Adopt Majority Voting in Uncontested Elections of Directors.	o	o	o

4.	Approval of an Amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated.	o	o	o
5.	Advisory Approval of the Company’s Executive Compensation.	o	o	o

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Signature [PLEASE SIGN WITHIN BOX] Date