

FOOT LOCKER INC
Form DEF 14A
April 17, 2007
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☐ S
Filed by a Party other than the Registrant ☐ £

Check the appropriate box:

<input type="checkbox"/> £ Preliminary Proxy Statement	<input type="checkbox"/> £ Confidential, for Use of the Commission Only
<input type="checkbox"/> S Definitive Proxy Statement	(as permitted by Rule 14a-6(e)(2))
<input type="checkbox"/> £ Definitive Additional Materials	
<input type="checkbox"/> £ Soliciting Material Pursuant to § 240.14a-12	

Foot Locker, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

☐ S No fee required.

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NOTICE OF 2007 ANNUAL MEETING
AND
PROXY STATEMENT

**112 West 34th Street
New York, New York 10120**

NOTICE OF 2007 ANNUAL MEETING OF SHAREHOLDERS

DATE: May 30, 2007

TIME: 9:00 A.M., local time

PLACE: Foot Locker, Inc., 112 West 34th Street, New York, New York 10120

RECORD DATE: Shareholders of record on April 5, 2007 can vote at this meeting.

ANNUAL REPORT: Our 2006 annual report on Form 10-K, which is not part of the proxy soliciting material, is enclosed.

ITEMS OF BUSINESS:

- Elect three members to the Board of Directors to serve for three-year terms and elect one member to the Board of Directors to serve for a one-year term.
- Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2007 fiscal year.
- Approve the Foot Locker 2007 Stock Incentive Plan.
- Transact such other business as may properly come before the meeting and at any adjournment or postponement.

PROXY VOTING: **YOUR VOTE IS IMPORTANT TO US.** Please vote as soon as possible in one of these ways:

- Use the toll-free telephone number shown on your proxy card;
- Visit the web site listed on your proxy card to vote via the Internet;
- Complete and promptly return your proxy card in the enclosed postage-paid envelope; or
- Follow the instructions on your proxy materials if your shares are held in street name.

Even if you plan to attend the annual meeting, we encourage you to vote in advance using one of these methods.

GARY M. BAHLER
Secretary

April 16, 2007

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112 West 34th Street
New York, New York 10120

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THIS ANNUAL MEETING AND VOTING

Why did I receive these proxy materials?

We are providing these proxy materials to you for the solicitation of proxies by the Board of Directors of Foot Locker, Inc. for the 2007 Annual Meeting of Shareholders and for any adjournments or postponements of this meeting. We are holding this annual meeting on May 30, 2007 at 9:00 A.M. In this proxy statement we refer to Foot Locker, Inc. as Foot Locker, the Company, we, our, or us. We are also mailing to you a copy of the Company's 2006 Form 10-K with this proxy statement.

We intend to mail this proxy statement and the proxy card to shareholders beginning on or about April 17, 2007.

Who pays the cost of this proxy solicitation?

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, fax, in person, or otherwise. We will request banks, brokers and other custodians, nominees and fiduciaries to deliver proxy material 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 the rules of the Securities and Exchange Commission and The New York Stock Exchange. In addition, we have retained Innisfree M&A Incorporated to assist us in the solicitation of proxies for a fee of \$10,000 plus out-of-pocket expenses.

May I obtain an additional copy of the Form 10-K?

You may obtain an additional copy of our 2006 Form 10-K without charge by writing to our Investor Relations Department at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120. It is also available free of charge through our corporate web site at www.footlocker-inc.com.

Is it possible to access the proxy statement and annual report on the Internet?

Our proxy statement and annual report are located on our corporate web site at www.footlocker-inc.com.

What is the record date for this meeting?

The record date for this meeting is April 5, 2007.

What constitutes a quorum for the Annual Meeting?

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 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.

Do I need a ticket to attend the Annual Meeting?

You will need an admission ticket to attend the Annual Meeting. Attendance at the meeting will be limited to shareholders on April 5, 2007 (or their authorized representatives) having an admission ticket or evidence of their share ownership and guests of the Company. If you plan to attend the meeting, please check the box on your proxy card, and we will mail an admission ticket to you. You may also request an admission ticket if you are voting by telephone or Internet by responding to the appropriate prompts offered by those methods.

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 bank or brokerage account statement, to the Corporate Secretary at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120. 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.

What are shareholders voting on at this meeting?

You are being asked to vote on the following items:

Proposal 1: Election of three directors in Class I and one director in Class II;

Proposal 2: Ratification of the appointment of KPMG LLP as our independent registered public accountants for 2007; and

Proposal 3: Approval of the Foot Locker 2007 Stock Incentive Plan.

How does the Board of Directors recommend that I vote on the proposals?

The Board recommends that you vote **FOR** each of the three proposals being voted on at the meeting.

Could other matters be voted on at the Annual Meeting?

We do not know of any other business that will be presented at the 2007 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.

Who may vote at the Annual Meeting?

The only voting securities of Foot Locker are our shares of Common Stock. Only shareholders of record on the books of the Company on April 5, 2007 are entitled to vote at the annual meeting and any adjournments or postponements. Each share is entitled to one vote. There were 155,262,555 shares of Common Stock outstanding on April 5, 2007. The enclosed proxy card shows the number of shares of Common Stock registered in the name of each shareholder of record on this date.

What are the voting requirements to elect directors and to approve the other proposals?

Directors must be elected by a plurality of the votes cast by shareholders. (Please see our policy described on Page 6 regarding resignations by directors who do not receive more **for** votes than **withheld** votes.) The other two proposals being voted on at this meeting require the favorable vote of a majority of the votes cast by shareholders to be approved, provided that New York Stock Exchange Rules require also that at least a majority of outstanding shares vote with respect to the Foot Locker 2007 Stock Incentive Plan.

How will the votes be counted?

Votes will be counted and certified by representatives of our transfer agent, The Bank of New York, as inspectors of election. The inspectors of election are independent and are not employees of Foot Locker.

We do not count abstentions and broker non-votes, if any, in determining the votes cast for any proposal. Votes withheld for the election of one or more of the nominees for director will not be counted as votes cast for them.

Broker non-votes occur when brokers or other entities holding shares for an owner in street name do not receive voting instructions from the owner on non-routine matters and, consequently, have no discretion to vote on those matters. If a proposal is routine under the rules of the New York Stock Exchange, then the brokers or other entities may vote the shares held by them even though they have not received instructions from the owner.

The Company's Certificate of Incorporation and By-laws do not contain any provisions on the effect of abstentions or broker non-votes.

Will my vote be confidential?

Our policy is to provide our shareholders with privacy in voting. All proxy cards, voting instructions, ballots and voting tabulations identifying shareholders are held permanently confidential from the Company, except:

- as necessary to meet 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.

How do I vote my shares?

You may vote using any of the following methods:

Telephone

If you are located within the United States or Canada, you can vote your shares by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day and will be accessible until 9:00 A.M. on May 30, 2007. The voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate shareholders by using individual control numbers that are printed in the shaded box on your proxy card. **If you vote by telephone, you do NOT need to return your proxy card.** If you are an owner in street name, please follow the instructions that accompany your proxy materials.

Internet

You can also choose to vote via the Internet. The web site for Internet voting is listed on your proxy card, and your individual control number to use for voting is printed in the shaded box on your card. Internet voting is available 24 hours a day and will be accessible until 9:00 A.M. on May 30, 2007. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **If you vote via the Internet, you do NOT need to return your proxy card.** If you are an owner in street name, please follow the instructions that accompany your proxy materials.

Mail

If you choose to vote by mail, simply mark your proxy, date and sign it, and return it in the postage-paid envelope that we have included with these materials.

Ballot at the Annual Meeting

You may also 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.

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

Can I change my mind after voting my shares?

You may revoke your proxy at any time before it is used by (i) submitting a written notice to the Company, (ii) delivering a valid proxy with a later date, (iii) providing a later dated vote by telephone or Internet, or (iv) voting by ballot at the Annual Meeting.

Are shares held in employee plans included on the proxy card?

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, the enclosed proxy card also shows the number of shares allocated to your plan account. Your proxy card will serve as a voting instruction card for the trustees of the plans, who will vote the shares. The trustees 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 May 25, 2007.

What is householding and how does it affect me?

Foot Locker has adopted a procedure called householding for mailing the annual report and proxy statement that is intended to reduce our printing costs and postage fees. Under this procedure, shareholders of record who share the same address and same last name will receive only one copy of our annual report and proxy statement unless any of the shareholders at that address notifies us that they wish to continue receiving individual copies.

We will continue to mail a proxy card to each shareholder of record. The householding procedure will not in any way affect the mailing of dividend checks.

If you are a shareholder of record, you may call our transfer agent, The Bank of New York, at 1-866-857-2216, or write to the Corporate Secretary at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120 if you would prefer to receive multiple copies of the Company's proxy statement and annual report. We will send additional copies to you promptly upon request. You may also contact the transfer agent or the Corporate Secretary and request householding if you are an eligible shareholder of record receiving multiple copies of the annual report and proxy statement.

Shareholders who hold their shares in street name through a broker, bank or other nominee, may request additional copies of the annual report and proxy statement or may request householding by notifying their broker, bank, or other nominee.

BENEFICIAL OWNERSHIP OF THE COMPANY S STOCK**Directors and Executive Officers**

The following table shows the number of shares of Common Stock reported to us as beneficially owned by each of our directors and named executive officers as of April 5, 2007. The table also shows beneficial ownership by all directors, named executive officers, and executive officers as a group on that date, including shares of Common Stock that they have a right to acquire within 60 days after April 5, 2007 by the exercise of stock options.

Matthew D. Serra beneficially owned 1.03 percent of the total number of outstanding shares of Common Stock as of April 5, 2007. No other director, named executive officer, or executive officer beneficially owned one percent or more of the total number of outstanding shares as of that date.

Each person has sole voting and investment power with respect to the number of shares shown unless otherwise noted.

Amount and Nature of Beneficial Ownership

Name	Common Stock Beneficially Owned Excluding Stock Options(a)	Stock Options Exercisable Within 60 Days After 4/05/07	Deferred Stock Units Beneficially Owned(b)	Total Shares of Common Stock Beneficially Owned
Gary M. Bahler	116,492	230,001		346,493
Purdy Crawford	62,575 (c)	23,312		85,887
Nicholas DiPaolo	10,265 (d)	14,334		24,599
Alan D. Feldman	6,478	4,106		10,584
Philip H. Geier Jr.	31,254	23,312		54,566
Jarobin Gilbert Jr.	6,858	23,312		30,170
Ronald J. Halls	100,531	76,667		177,198
Robert W. McHugh	136,470	152,333		288,803
Matthew M. McKenna	2,029	2,079		4,108
Richard T. Mina	246,472 (e)	363,837		610,309
James E. Preston	52,080	23,312		75,392
David Y. Schwartz	12,275	23,312	6,862	42,449
Matthew D. Serra	583,079	1,009,999		1,593,078
Christopher A. Sinclair	17,701	23,312		41,013
Cheryl Nido Turpin	5,964	18,607	6,052	30,623
Dona D. Young	7,356	18,607	13,724	39,687
All 22 directors and executive officers as a group, including the named executive officers	1,680,495	2,683,940	26,638	4,391,073 (f)

- (a) This column includes shares held in the Company's 401(k) Plan and unvested shares of restricted stock.
- (b) Reflects the number of deferred stock units credited as of April 5, 2007 to the account of the directors who elected to defer all or part of their annual retainer fee under the 2002 Directors Stock Plan. These units are payable solely in shares of the Company's Common Stock following termination of service as a director. The deferred stock units do not have current voting or investment power.
- (c) 50,520 shares are held by a

private
Canadian
company of
which Mr.
Crawford is
the sole
director and
officer. Mr.
Crawford
and a family
trust are the
shareholders
of the private
company,
with Mr.
Crawford
holding
voting
control.

(d) Includes 150
shares held
by his
spouse.

(e) Does not
include
30,000
shares of
common
stock
transferred to
wife under
marital
settlement
agreement in
which Mr.
Mina
disclaims
beneficial
ownership.

- (f) This figure represents approximately 2.83 percent of the shares of Common Stock outstanding at the close of business on April 5, 2007.

Persons Owning More Than Five Percent of the Company's Stock

The following table provides information on shareholders who beneficially own more than five percent of our Common Stock according to reports filed with the Securities and Exchange Commission (SEC). To the best of our knowledge, there are no other shareholders who beneficially own more than five percent of a class of the Company's voting securities.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Lord, Abbett & Co. LLC	10,174,359(a)	