

FOOT LOCKER INC  
Form PRE 14A  
March 28, 2014

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  S

Filed by a Party other than the Registrant  £

Check the appropriate box:

S Preliminary Proxy Statement

£ Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

£ Definitive Proxy Statement

£ Definitive Additional Materials

£ 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.

£ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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NOTICE OF 2014 ANNUAL MEETING  
AND  
PROXY STATEMENT

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112 West 34th Street  
New York, New York 10120

**NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS**

- DATE AND TIME:** May 21, 2014 at 9:00 A.M., Eastern Daylight Time
- PLACE:** Foot Locker, Inc., 112 West 34th Street, New York, New York 10120
- RECORD DATE:** Shareholders of record on March 24, 2014 can vote at this meeting.
- ITEMS OF BUSINESS:**
- Elect four members to the Board of Directors to serve for three-year terms.
  - Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year.
  - Approve an amendment to the Certificate of Incorporation to declassify the Board of Directors.
  - Approve the second amendment and restatement of the Foot Locker 2007 Stock Incentive Plan.
  - Advisory approval of the compensation of our named executive officers.
  - 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.** Whether or not you plan to attend the Annual Meeting in person, please promptly vote by telephone or by Internet, or by completing, signing, dating and returning your proxy card or vote instruction form so that your shares will be represented at the Annual Meeting.

GARY M. BAHLER  
*Secretary*

April 11, 2014

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting  
To Be Held on May 21, 2014**

The Company's Proxy Statement and 2013 Annual Report/Form 10-K are available at  
<http://materials.proxyvote.com/344849>

**PROXY STATEMENT SUMMARY**

We are providing this summary of our 2014 Notice of Annual Meeting and Proxy Statement and the items to be voted on by our shareholders. This is only a summary. For more complete information, please review the complete Proxy Statement and our 2013 Annual Report on Form 10-K.

**2014 Annual Meeting of Shareholders**

**Date and Time** Wednesday, May 21, 2014, at 9:00 a.m., Eastern Daylight Time  
**Place** Foot Locker, Inc., 112 West 34th Street, New York, NY 10120  
**Record Date** March 24, 2014

**Information on the Board of Directors**

**Board of Directors**

Maxine Clark      Guillermo Marmol  
Nicholas DiPaolo      Matthew M. McKenna  
Alan D. Feldman      Steven Oakland  
Jarobin Gilbert Jr.      Cheryl Nido Turpin  
Ken C. Hicks      Dona D. Young

**Independent Lead Director**

Nicholas DiPaolo

**Director Independence**

9 out of 10 directors are independent

**Director Attendance in 2013**

Attendance at Board and Committee Meetings in 2013 exceeded 98%

**Named Executive Officers**

Ken C. Hicks      Chairman, President and CEO  
Richard A. Johnson      Executive Vice President and COO  
Lauren B. Peters      Executive Vice President and CFO  
Robert W. McHugh      Executive Vice President-Operations Support  
Paulette Alviti      Senior Vice President and Chief Human Resources Officer

**Our 2013 Results**

In 2013, for the third year in a row, Foot Locker, Inc. achieved record sales, earnings, and earnings per share in our history as an athletic footwear and apparel company. Results included:

Net income, on a non-GAAP basis, of \$432 million or earnings-per-share of \$2.87, a 16% increase over 2012. (A)



reconciliation to  
GAAP is provided  
on Pages 16-17 of  
our 2013  
Form 10-K.)

End-of-year  
market  
capitalization of  
\$5.6 billion, an 8%  
increase over  
year-end 2012.

Total dividend  
payments to  
shareholders of  
\$118 million.

Total share  
repurchases of  
\$229 million.

Total shareholder  
return (stock price  
appreciation plus  
reinvested  
dividends) of 13.6  
percent.

**Proposals and the Board of Directors Voting Recommendations**

<b>Proposal</b>	<b>Board Vote Recommendation</b>	<b>Page Reference for More Detail</b>
Election of Four Directors	FOR EACH NOMINEE	72-78
Ratification of the Appointment of KPMG LLP as Our Independent Registered Public Accounting Firm for 2014	FOR	79-80
Approval of Amendment to the Certificate of Incorporation to Declassify the Board of Directors	FOR	81
Approval of the Second Amendment and Restatement of the Foot Locker 2007 Stock Incentive Plan	FOR	82-91
Advisory Approval of Our Named Executive Officers Compensation	FOR	92-93

**Election of Directors**

Four directors are standing for election at this meeting. The following table provides summary information about each of the nominees for director:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Occupation</b>	<b>Independent</b>	<b>Other Public Company Boards</b>
Nicholas DiPaolo	72	2002	Retired Vice Chairman of Bernard Chaus, Inc.	Yes	JPS Industries, Inc. R.G. Barry Corporation
Matthew M. McKenna	63	2006	Special Advisor to the U.S. Secretary of Agriculture	Yes	None
Steven Oakland	53	2014	President, International, Foodservice and Natural Foods, The J.M. Smucker Company	Yes	None
Cheryl Nido Turpin	66	2001	Retired President & CEO of The Limited Stores	Yes	None

**Ratification of Appointment of KPMG LLP for 2014**

We are asking our shareholders to ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2014. The following is a summary of KPMG's fees for 2013 and 2012:

	<b>2013</b>	<b>2012</b>
Audit Fees	\$ 2,967,000	\$ 2,815,000
Audit-Related Fees	614,000	803,000

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Tax Fees	165,000	267,000
All Other Fees	0	0
Total	\$ 3,746,000	\$ 3,885,000

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**Approval of an Amendment to the Certificate of Incorporation  
to Declassify the Board**

We are asking shareholders to approve an amendment to the Company's Certificate of Incorporation to declassify the Board of Directors. The Certificate of Incorporation currently provides that the Board be divided into three classes serving staggered three-year terms. The proposed amendment provides that, beginning with directors elected in 2015, directors would be elected on an annual basis. Directors elected prior to the effectiveness of the proposed amendment would continue in office until the expiration of their terms of office. A complete copy of the proposed amendment is provided in Appendix A to this proxy statement on Page A-1.

**Approval of the Second Amendment and Restatement of the  
Foot Locker 2007 Stock Incentive Plan**

We are asking shareholders to approve the second amendment and restatement of the Foot Locker 2007 Stock Incentive Plan to increase the aggregate share reserve to 14 million shares, inclusive of shares currently remaining under the Stock Incentive Plan, amend the definition of Change in Control and the vesting provisions of awards following a Change in Control, and make certain clarifying amendments to the plan. There are currently [X] million shares available for grant under the plan. If shareholders approve this proposal, it will result in a net increase of [XX] million shares under the plan. The Board of Directors believes that the proposed increase in the share reserve is necessary to insure that a sufficient reserve of Common Stock remains available to meet anticipated future needs in issuing equity incentives and thereby continuing to align our executives' and directors' interests with our shareholders. A summary of the material features of the Foot Locker 2007 Stock Incentive Plan, as Amended and Restated, is provided beginning on Page 82, and a complete copy of the amended and restated plan is provided in Appendix B beginning on Page B-1.

**Advisory Approval of the Named Executive Officers' Compensation**

We are asking shareholders to approve, on a nonbinding, advisory basis, the 2013 compensation of our named executive officers, as described in this proxy statement on Pages 25 through 71. Over the past three years, our shareholders overwhelmingly approved our executive compensation program. Given this strong support, the Compensation and Management Resources Committee decided to retain the overall program, which ties the executives' pay closely with Foot Locker's performance. Our 2013 results reflect our diligent execution of the Company's strategies and represent continued meaningful progress toward the goals contained in our current long-range plan. Based on the Company's performance, the named executive officers earned annual bonuses for 2013 and long-term incentive payouts for the 2012-2013 performance measurement period payable in 2015.

<b>Financial Metrics</b>	<b>2012</b>	<b>2013</b>	<b>Long-Term Objectives</b>
Sales	\$6,101 million	\$6,505 million	\$7,500 million
Sales Per Gross Square Foot	\$443	\$460	\$500
Earnings Before Interest and Taxes (EBIT) Margin	9.9%	10.4%	11%
Net Income Margin	6.2%	6.6%	7%
Return on Invested Capital (ROIC)	14.2%	14.1%	14%

The above table represents non-GAAP results. We provide a reconciliation to GAAP on Pages 16-17 of our 2013 Form 10-K.



112 West 34th Street  
New York, New York 10120

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**PROXY STATEMENT**

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**GENERAL INFORMATION**

We are providing these proxy materials to you for the solicitation of proxies by the Board of Directors of Foot Locker, Inc. for the 2014 Annual Meeting of Shareholders and for any adjournments or postponements of this meeting. We are holding this annual meeting on May 21, 2014 at 9:00 A.M., local time, at our corporate headquarters located at 112 West 34th Street, New York, New York 10120. In this proxy statement we refer to Foot Locker, Inc. as Foot Locker, the Company, we, our, or us.

We are furnishing proxy materials to our shareholders primarily over the Internet under the Securities and Exchange Commission'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 11, 2014 we started mailing to most of our shareholders in the United States a Notice of Internet Availability of Proxy Materials (the Foot Locker Notice). The Foot Locker Notice contains instructions on how to access and read our 2014 Proxy Statement and our 2013 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 proxy 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 2013 Annual Report/Form 10-K on or about April 11, 2014.

**QUESTIONS AND ANSWERS ABOUT THIS ANNUAL MEETING  
AND VOTING**

**What is included in these proxy materials?**

The proxy materials include our 2014 Proxy Statement and 2013 Annual Report and Form 10-K. If you received printed copies of these materials by mail, these materials also include the proxy card for this annual meeting.

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

You may obtain an additional copy of our 2013 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 <http://www.footlocker-inc.com/investors.cfm?page=corporate-governance>.

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## **QUESTIONS AND ANSWERS**

### **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.

### **What is the record date for this meeting?**

The record date for this meeting is March 24, 2014. If you were a Foot Locker shareholder on this date, you are entitled to vote on the items of business described in this proxy statement.

### **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 March 24, 2014 are entitled to vote at the annual meeting and any adjournments or postponements. Each share is entitled to one vote. There were xxx,xxx,xxx shares of Common Stock outstanding on March 24, 2014.

### **Can I vote shares held in employee plans?**

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. Eastern Daylight Time on May 18, 2014.

**QUESTIONS AND ANSWERS****What proposals are shareholders voting on at this meeting and what are the voting recommendations of the Board of Directors and the vote requirements to approve the proposals?**

The proposals that you are being asked to vote on at this Annual Meeting, our Board's voting recommendations, and the vote required to approve each proposal are shown in the table below:

<b>Proposal Number</b>	<b>Subject</b>	<b>Board's Voting Recommendation</b>	<b>Vote Required to Approve</b>
1	Election of Four Directors in Class II	FOR EACH NOMINEE	Plurality of Votes Cast by Shareholders <i>Please see our policy described on Page X regarding resignations by directors who do not receive more For votes than Withheld votes.</i>
2	Ratification of the Appointment of KPMG LLP as Our Independent Registered Public Accounting Firm for 2014	FOR	Majority of Votes Cast by Shareholders
3	Approval of an Amendment to the Company's Certificate of Incorporation to Declassify the Board of Directors	FOR	Majority of Shares Outstanding
4	Approval of the Second Amendment and Restatement of the Foot Locker 2007 Stock Incentive Plan	FOR	Majority of Votes Cast by Shareholders
5	Advisory Approval of Executive Compensation	FOR	Majority of Votes Cast by Shareholders

**Could other matters be voted on at the Annual Meeting?**

We do not know of any other business that will be presented at the 2014 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.

**What happens if I do not vote my shares?**

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 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.



## QUESTIONS AND ANSWERS

If you are a shareholder of record where 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.

### How will the votes be counted?

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. Except in the case of Proposals 3 and 4, 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. With respect to Proposal 3 to approve the amendment to the Certificate of Incorporation, an abstention and broker non-vote will have the same effect as a vote against this proposal. With respect to Proposal 4 to approve the second amendment and restatement of the Foot Locker 2007 Stock Incentive Plan, which is subject to New York Stock Exchange shareholder approval rules, broker non-votes will not affect the outcome of such vote because broker non-votes are not considered votes cast; however, abstentions are counted as votes cast and, therefore, will have the effect of a vote against the proposal.

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

### 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 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. Eastern Daylight Time on May 20, 2014. 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.**

#### *Internet*

You can also choose to vote your shares through the Internet at [www.proxyvote.com](http://www.proxyvote.com). Internet voting is available 24 hours a day and will be accessible until 11:59 P.M. Eastern Daylight Time on May 20, 2014. 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.**

*QR Code*

Name: Christopher J. Wilson

Title:  
Vice  
President,  
General  
Counsel

and  
Secretary