

FOOT LOCKER, INC.

N E W S R E L E A S E

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FOOT LOCKER, INC. REPORTS FOURTH QUARTER AND FULL YEAR RESULTS

- **Fourth Quarter Income from Continuing Operations Increased 14 Percent to \$0.33 Per Share**
- **Full Year Income From Continuing Operations Increased 46 Percent to \$1.10 Per Share**
- **Year-end Cash Balance of \$357 Million**
- **Company Ends Year with Zero Debt, Net of Cash**
- **\$0.12 Per Share Annual Dividend Initiated in Fourth Quarter**

NEW YORK, NY, March 12, 2003 – Foot Locker, Inc. (NYSE: Z), the New York-based specialty athletic retailer, today reported net income of \$0.33 per share for its fourth quarter and \$0.99 per share for its full year for the period ended February 1, 2003. The Company also reported a substantially enhanced financial position, with a year-end cash balance of \$357 million, and debt, net of cash reduced to zero.

Fourth Quarter Results

Income from continuing operations for the fourth quarter ended February 1, 2003 increased 14 percent to \$48 million, or \$0.33 per share, compared with \$42 million, or \$0.28 per share, last year. Sales for this year's fourth quarter increased 5.1 percent, to \$1,214 million, as compared with \$1,155 million last year, reflecting a comparable-store decrease of 0.9 percent.

Full Year Results

Income from continuing operations for the full year increased 46 percent to \$162 million, or \$1.10 per share, as compared with \$111 million, or \$0.77 per share, last year. Last year's full year results included a loss of \$0.21 per share from disposed operations. Adjusted net income increased 13 percent, to \$160 million, or \$1.10 per share from \$142 million, or \$0.98 per share, last year. Sales for the full year increased 4.3 percent, to \$4,509 million as compared with sales from adjusted operations of \$4,325 million last year, reflecting a comparable-store increase of 0.1 percent.

"2002 represented the fourth consecutive year of significant earnings improvement for our Company," stated Mathew D. Serra, Foot Locker Inc.'s President and Chief Executive Officer. "Additionally, the fourth quarter of 2002 represented the 14th consecutive quarter of adjusted earnings improvement versus the same period of the prior year. These profit improvements were largely attributable to the successful implementation of several strategic initiatives." These strategic initiatives, which continue to be a priority, include the following:

- **Significant growth of our European operation**
- **Profit Growth of Champs Sports division**
- **Development of highly profitable direct-to-customer channel**
- **Expanded offerings of private-label apparel**
- **Lower expense rates resulting from corporate-wide initiatives**

The Company continued to substantially enhance its capital structure by employing free cash flow to reduce debt and increase its cash balance. At year-end, the Company's cash balance was \$357 million and its total balance sheet debt, net of cash, was zero. During 2002, the Company opened 157 stores, remodeled/relocated 205 stores and closed 122 stores. At February 1, 2003 the Company operated 3,625 stores in 14 countries in North America, Europe and Australia.

Mr. Serra continued, "We are proud that we ended 2002 with \$357 million of cash, equal to our total balance sheet debt. Reducing our debt, net of cash, to zero, is the accomplishment of an objective that our organization set at the beginning of 1999, when our net debt balance was \$574 million. This strengthened financial position allowed us to initiate our \$0.12 per share annual shareholder dividend in the fourth quarter of 2002."

2003 Outlook

During 2003, the Company plans to maintain a sharp focus on growing top-line sales, controlling expenses and generating positive cash flow. Maintaining a strong financial position will remain a high priority, together with investing in opportunities to increase shareholder value. These opportunities may include repurchasing some of the Company's outstanding debt or common stock, increasing its shareholder dividend, accelerating capital investment in its existing business or new stores, or other opportunities that may become available.

"Our business remains well positioned to produce annual earnings growth over the next several years," commented Mr. Serra. "The retail climate, however, remains challenging due to uncertain world events that have contributed to consumer confidence in the U.S. being at a nine-year low. Nevertheless, we remain committed to continuing our record of producing quarter-over-quarter earnings improvements."

Foot Locker, Inc.'s ticker symbol on the New York Stock Exchange will be changed to "FL" from "Z", effective with the beginning of trading on March 31, 2003. While "Z" was a suitable ticker symbol for many years, Foot Locker believes that "FL" accurately reflects the Company's identity today, and, as such, will be well recognizable by its investors.

The Company is hosting a live conference call at 10:00 am (EST) on Wednesday, March 12, 2003 to review 2002 fourth quarter and full year results, discuss our 2003 outlook, and respond to analysts' questions. This conference call may be accessed live from the Investor Relations section of the Foot Locker, Inc. website at <http://www.footlocker-inc.com>. The conference call will be available for webcast replay until 5:00 pm on Monday, March 17, 2003.

Reported results are presented in accordance with accounting principles generally accepted in the United States of America. Adjusted results are from continuing operations and exclude the operations and disposition of Afterthoughts, Colorado, The San Francisco Music Box Company and Burger King franchises. The reported results for all operations and a reconciliation between reported and adjusted results are attached to this press release.

Disclosure Regarding Forward-Looking Statements

This press release contains forward-looking statements, which reflect management's current views of future events and financial performance. These forward-looking statements are based on many assumptions and factors detailed in the Company's filings with the Securities and Exchange Commission, including the effects of currency fluctuations, customer demand, fashion trends, competitive market forces, uncertainties related to the effect of competitive products and pricing, customer acceptance of the Company's merchandise mix and retail locations, the Company's reliance on a few key vendors for a majority of its merchandise purchases (including a significant portion from one vendor), unseasonable weather, risks associated with foreign global sourcing, including political instability and changes in import regulations, economic conditions worldwide, any changes in business, political and economic conditions due to the threat of future terrorist activities in the United States or in other parts of the world and related U.S. military action overseas, and the ability of the Company to execute its business plans effectively with regard to each of its business units. Any changes in such assumptions or factors could produce significantly different results. The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events, or otherwise.

FOOT LOCKER, INC.
Consolidated Statements of Operations
(unaudited)
Periods ended February 1, 2003 and February 2, 2002
(In millions, except per share amounts)

FOURTH QUARTER	Fourth Quarter 2002			Fourth Quarter 2001		
	Reported Results	Disposed Operations	As Adjusted	Reported Results	Disposed Operations	As Adjusted
Sales	\$ 1,214	--	\$ 1,214	\$ 1,155	\$ --	\$ 1,155
Cost of sales	845	--	845	806	--	806
Selling, general and administrative expenses	253	--	253	236	--	236
Depreciation and amortization	38	--	38	40	--	40
Restructuring charge	--	--	--	1	1	--
Interest expense, net	7	--	7	6	--	6
Other income	--	--	--	(1)	(1)	--
	1,143	--	1,143	1,088	--	1,088
Income from continuing operations before income taxes	71	--	71	67	--	67
Income tax expense	23	--	23	25	--	25
Income from continuing operations	48	--	48	42	--	42
Loss on disposal of discontinued operations, net of income taxes	--	--	--	(6)	(6)	--
Net income	\$ 48	--	\$ 48	\$ 36	\$ (6)	\$ 42
<u>Diluted EPS:</u>						
Income from continuing operations	\$ 0.33	--	\$ 0.33	\$ 0.28	\$ --	\$ 0.28
Loss from discontinued operations	--	--	--	(0.04)	(0.04)	--
Net income	\$ 0.33	--	\$ 0.33	\$ 0.24	\$ (0.04)	\$ 0.28
Weighted-average diluted shares outstanding	150.8		150.8	150.6		150.6
FULL YEAR	Full Year 2002			Full Year 2001		
	Reported Results	Disposed Operations	As Adjusted	Reported Results	Disposed Operations	As Adjusted
Sales	\$ 4,509	\$ --	\$ 4,509	\$ 4,379	\$ 54	\$ 4,325
Cost of sales	3,165	--	3,165	3,071	37	3,034
Selling, general and administrative expenses	928	--	928	923	29	894
Depreciation and amortization	149	--	149	154	--	154
Restructuring charge/(income)	(2)	(2)	--	34	34	--
Interest expense, net	26	--	26	24	--	24
Other income	(3)	--	(3)	(2)	(1)	(1)
	4,263	(2)	4,265	4,204	99	4,105
Income from continuing operations before income taxes	246	2	244	175	(45)	220
Income tax expense	84	--	84	64	(14)	78
Income from continuing operations	162	2	160	111	(31)	142
Loss on disposal of discontinued operations, net of income taxes	(18)	(18)	--	(19)	(19)	--
Net income	\$ 144	\$ (16)	\$ 160	\$ 92	\$ (50)	\$ 142
<u>Diluted EPS:</u>						
Income from continuing operations	\$ 1.10	\$ --	\$ 1.10	\$ 0.77	\$ (0.21)	\$ 0.98
Loss from discontinued operations	(0.11)	(0.11)	--	(0.13)	(0.13)	--
Net income	\$ 0.99	\$ (0.11)	\$ 1.10	\$ 0.64	\$ (0.34)	\$ 0.98
Weighted-average diluted shares outstanding	150.8		150.8	146.9		146.9

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FOOT LOCKER, INC.
Condensed Consolidated Balance Sheets
(unaudited)
(In millions)

	February 1, 2003	February 2, 2002
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$ 357	\$ 215
Merchandise inventories	835	793
Other current assets	88	107
	<u>1,280</u>	<u>1,115</u>
Property and equipment, net	636	637
Deferred tax assets	249	251
Other assets	322	294
	<u>\$2,487</u>	<u>\$2,297</u>
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Accounts payable	\$ 250	\$ 272
Accrued liabilities	296	211
Current liabilities and reserves for restructuring, discontinued operations and businesses held for sale	23	29
Current portion of long-term debt and obligations under capital leases	1	34
	<u>570</u>	<u>546</u>
Long-term debt and obligations under capital leases	356	365
Other liabilities	460	394
SHAREHOLDERS' EQUITY	1,101	992
	<u>\$2,487</u>	<u>\$2,297</u>
<p>The Company recorded a minimum pension liability adjustment during the fourth quarter of 2002 reflecting a decrease in pension plan assets and a lower discount rate utilized to value pension plan liabilities. The effect of this adjustment was an \$83 million reduction to shareholders' equity. The Company recorded a similar adjustment of \$115 million during the fourth quarter of 2001.</p>		

FOOT LOCKER, INC.
Store and Estimated Square Footage – As Adjusted
(unaudited)
(Square footage in thousands)

	February 1, 2003	February 2, 2002	February 3, 2001	January 29, 2000
Foot Locker U.S.				
Number of stores	1,477	1,472	1,453	1,469
Gross square footage	6,043	6,039	5,926	5,605
Selling square footage	3,497	3,442	3,372	3,419
Lady Foot Locker				
Number of stores	606	632	662	656
Gross square footage	1,362	1,416	1,463	1,412
Selling square footage	781	816	839	820
Kids Foot Locker				
Number of stores	377	391	398	397
Gross square footage	912	944	972	942
Selling square footage	547	567	574	570
Champs Sports				
Number of stores	582	574	586	596
Gross square footage	3,262	3,262	3,370	3,404
Selling square footage	2,292	2,280	2,373	2,387
Foot Locker International				
Number of stores	583	521	483	477
Gross square footage	1,639	1,482	1,345	1,253
Selling square footage	920	837	756	682
Total Athletic Group				
Number of stores	3,625	3,590	3,582	3,595
Gross square footage	13,218	13,143	13,076	12,616
Selling square footage	8,037	7,942	7,914	7,878