

FOOT LOCKER, INC.

NEWS RELEASE

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FOOT LOCKER, INC. REPORTS 2015 THIRD QUARTER RESULTS

- **GAAP Earnings of \$80 Million, \$0.57 Per Share**
- **Non-GAAP Earnings Per Share Increased 20 Percent to \$1.00**
- **Non-GAAP Net Income Increased 17 Percent to \$141 Million**
- **Comparable-Store Sales Increased 8.7 Percent**
- **Gross Margin Rate Improved 60 Basis Points**
- **SG&A Rate Improved 80 Basis Points**

NEW YORK, NY, November 20, 2015 – Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported financial results for its third quarter ended October 31, 2015.

Third Quarter Results

Net income for the Company's third quarter ended October 31, 2015 was \$80 million, or \$0.57 per share. This result included a \$100 million pre-tax litigation charge that relates to the previously disclosed trial court decision in a lawsuit involving the Company's conversion of its pension plan in 1996, a decision which is currently being appealed. Excluding this charge, which reduced after-tax earnings by 43 cents per share, non-GAAP earnings were \$1.00 per share, a 20 percent increase over the 83 cents per share the Company earned in the same period last year on a comparable basis.

Third quarter comparable-store sales increased 8.7 percent. Total sales increased 3.6 percent, to \$1,794 million this year, compared with sales of \$1,731 million for the corresponding prior-year period. Excluding the effect of foreign currency fluctuations, total sales for the third quarter increased 8.9 percent. The Company's gross margin rate improved to 33.8 percent of sales from 33.2 percent a year ago, while the selling, general, and administrative expense rate improved to 19.6 percent of sales from 20.4 percent.

"This quarter, in fact this entire year, has offered a perfect illustration of how building diversity into our business has helped us sustain record-setting growth over multiple quarters and years," said Richard Johnson, President and Chief Executive Officer. "We have built strength across different banners and channels; we have a global footprint; we have excellent momentum in men's, women's, and kids'; and we have multiple legs to our product category stool, with leadership positions in basketball, running, and classic sneakers."

Year-To-Date Results

Net income for the Company's first nine months of the year increased to \$383 million, or \$2.71 per share, compared to net income of \$374 million, or \$2.55 per share, for the corresponding period in 2014. Excluding the litigation charge noted above, earnings per share for the first nine months totaled \$3.14, a 22 percent increase over the same period last year.

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Year-to-date sales were \$5,405 million, an increase of 3.1 percent compared to sales of \$5,240 million in the corresponding nine-month period of 2014. Year-to-date comparable store sales have increased 8.7 percent. Excluding the effect of foreign currency fluctuations, total sales year-to-date have increased 8.9 percent.

Financial Position

At October 31, 2015, the Company's merchandise inventories were \$1,336 million, 0.9 percent higher than at the end of the third quarter last year. Using constant currencies, inventory increased 4.5 percent.

The Company's cash totaled \$878 million, while the debt on its balance sheet was \$131 million. The Company spent \$110.6 million to repurchase 1.56 million shares during the quarter and paid its quarterly stock dividend of \$0.25, spending \$35 million.

"We continue to manage inventory carefully, and we are heading into the holidays with very fresh and distinctive assortments to drive full-price selling," said Lauren Peters, Executive Vice President and Chief Financial Officer. "Foot Locker also has a very strong balance sheet and a well-funded pension plan. Our pension plan is sufficiently funded today to absorb a \$100 million liability resulting from this litigation without requiring any cash contributions by the Company to the plan in the near term. This charge does not change our ability to invest in the business to reach the 2020 goals we laid out at the beginning of the year, and to return cash to shareholders in the same manner as we intended to before this accrual."

Store Base Update

During the third quarter, the Company opened 30 new stores, remodeled or relocated 48 stores, and closed 16 stores. As of October 31, 2015, the Company operated 3,432 stores in 23 countries in North America, Europe, Australia, and New Zealand. In addition, 48 franchised Foot Locker stores were operating in the Middle East and South Korea, as well as 16 franchised Runners Point stores in Germany.

The Company is hosting a live conference call at 9:00 a.m. (EST) today, November 20, 2015, to review these results, provide comments on the status of its current initiatives, and discuss trends in its business and the athletic industry. This conference call may be accessed live by dialing 1-800-954-0597 (U.S. and Canada) or +44 203-300-0096 (International), or via the Investor Relations section of the Foot Locker, Inc. website at <http://www.footlocker-inc.com>. Please log on to the website 15 minutes prior to the call in order to download any necessary software. A replay of the call will be available via webcast from the same Investor Relations section of the Foot Locker, Inc. website at <http://www.footlocker-inc.com> through December 4, 2015.

Disclosure Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. Other than statements of historical facts, all statements which address activities, events, or developments that the Company anticipates will or may occur in the future, including, but not limited to, such things as future capital expenditures, expansion, strategic plans, financial objectives, dividend payments, stock repurchases, growth of the Company's business and operations, including future cash flows, revenues, and earnings, and other such matters, are forward-looking statements. These forward-looking statements are based on many assumptions and factors which are 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 key vendor), pandemics and similar major health concerns, unseasonable weather, deterioration of global financial markets, economic conditions worldwide, deterioration of business and economic conditions, 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, the ability of the Company to execute its business and strategic plans effectively with regard to each of its business units, and risks associated with global product sourcing, including political instability, changes in import regulations, and disruptions to transportation services and distribution.

For additional discussion on risks and uncertainties that may affect forward-looking statements, see "Risk Factors" disclosed in the 2014 Annual Report on Form 10-K. 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.
Condensed Consolidated Statements of Operations
(unaudited)
Periods ended October 31, 2015 and November 1, 2014
(In millions, except per share amounts)

| | Third Quarter 2015 | Third Quarter 2014 | YTD 2015 | YTD 2014 |
|---|-----------------------------------|-----------------------------------|-----------------|-----------------|
| Sales | \$ 1,794 | \$ 1,731 | \$ 5,405 | \$ 5,240 |
| Cost of sales | 1,187 | 1,157 | 3,575 | 3,495 |
| SG&A | 352 | 353 | 1,028 | 1,051 |
| Depreciation and amortization | 38 | 34 | 109 | 106 |
| Litigation and impairment charges | 100 | - | 100 | 3 |
| Interest expense, net | 1 | 1 | 3 | 3 |
| Other Income | (1) | (1) | (2) | (3) |
| | <u>1,677</u> | <u>1,544</u> | <u>4,813</u> | <u>4,655</u> |
| Income before taxes | \$ 117 | \$ 187 | \$ 592 | \$ 585 |
| Income tax expense | 37 | 67 | 209 | 211 |
| Net income | <u>\$ 80</u> | <u>\$ 120</u> | <u>\$ 383</u> | <u>\$ 374</u> |
| Diluted EPS | \$ 0.57 | \$ 0.82 | \$ 2.71 | \$ 2.55 |
| Weighted-average diluted shares outstanding | 140.9 | 145.7 | 141.4 | 146.6 |

Reconciliation of GAAP to
Non-GAAP results

| | Third Quarter 2015 | | Third Quarter 2014 | | YTD 2015 | | YTD 2014 | |
|---|-----------------------------------|----------------|-----------------------------------|----------------|----------------------|----------------|----------------------|----------------|
| | <u>After Tax</u> | <u>EPS</u> | <u>After Tax</u> | <u>EPS</u> | <u>After Tax</u> | <u>EPS</u> | <u>After Tax</u> | <u>EPS</u> |
| GAAP net income | \$ 80 | \$ 0.57 | \$ 120 | \$ 0.82 | \$ 383 | \$ 2.71 | \$ 374 | \$ 2.55 |
| After-tax adjustments: | | | | | | | | |
| Litigation expense ⁽¹⁾ | 61 | 0.43 | - | - | 61 | 0.43 | - | - |
| Impairment and other charges ^{(2) (3)} | - | - | 1 | 0.01 | - | - | 4 | 0.03 |
| Non-GAAP results | <u>\$ 141</u> | <u>\$ 1.00</u> | <u>\$ 121</u> | <u>\$ 0.83</u> | <u>\$ 444</u> | <u>\$ 3.14</u> | <u>\$ 378</u> | <u>\$ 2.58</u> |

Footnotes to explain adjustments

- (1) The Company's reasonable estimate of the litigation expense is a range between \$100 million and \$200 million, with no amount within that range more probable than any other amount. Therefore, in accordance with U.S. GAAP, the Company recorded a \$100 million pre-tax charge in the third quarter. In light of the uncertainties in this matter, there is no assurance that the ultimate resolution will not differ from the amount currently accrued by the Company.
- (2) Includes \$1 million and \$2 million of integration costs associated with the Runners Point Group for Q3 2014 and YTD 2014, respectively.
- (3) For YTD 2014, also includes the impairment of a trade name in Ireland acquired in 2004 and the CCS trade name.

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

| | October 31, 2015 | November 1, 2014 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 878 | \$ 916 |
| Merchandise inventories | 1,336 | 1,324 |
| Other current assets | 277 | 244 |
| | 2,491 | 2,484 |
| Property and equipment, net | 669 | 613 |
| Deferred tax assets | 256 | 237 |
| Other assets | 285 | 284 |
| | \$ 3,701 | \$ 3,618 |
| Liabilities and Shareholders' Equity | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 258 | \$ 287 |
| Accrued and other liabilities | 407 | 358 |
| Current portion of capital lease obligations | 1 | 3 |
| | 666 | 648 |
| Long-term debt and obligations under capital leases | 130 | 132 |
| Other liabilities | 358 | 236 |
| SHAREHOLDERS' EQUITY | 2,547 | 2,602 |
| | \$ 3,701 | \$ 3,618 |

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FOOT LOCKER, INC.
Store and Square Footage
(unaudited)

Store activity is as follows:

| | January 31, 2015 | Opened | Closed | October 31, 2015 | Relocations /Remodels |
|--------------------------|---------------------|-----------|-----------|---------------------|--------------------------|
| Foot Locker US | 1,015 | 7 | 25 | 997 | 46 |
| Foot Locker Europe | 603 | 10 | 6 | 607 | 25 |
| Foot Locker Canada | 126 | 1 | 2 | 125 | 6 |
| Foot Locker Asia Pacific | 91 | 3 | 1 | 93 | 5 |
| Lady Foot Locker/SIX:02 | 213 | 11 | 22 | 202 | - |
| Kids Foot Locker | 357 | 23 | 7 | 373 | 36 |
| Footaction | 272 | 9 | 9 | 272 | 14 |
| Champs Sports | 547 | 8 | 5 | 550 | 35 |
| Runners Point | 116 | 9 | 1 | 124 | 1 |
| Sidestep | 83 | 7 | 1 | 89 | - |
| Total | 3,423 | 88 | 79 | 3,432 | 168 |

Selling and gross square footage are as follows:

| (in thousands) | January 31, 2015 | | October 31, 2015 | |
|--------------------------|------------------|---------------|------------------|---------------|
| | Selling | Gross | Selling | Gross |
| Foot Locker US | 2,494 | 4,298 | 2,496 | 4,309 |
| Foot Locker Europe | 846 | 1,839 | 858 | 1,882 |
| Foot Locker Canada | 270 | 422 | 277 | 432 |
| Foot Locker Asia Pacific | 125 | 204 | 126 | 206 |
| Lady Foot Locker/SIX:02 | 299 | 501 | 288 | 485 |
| Kids Foot Locker | 529 | 912 | 593 | 1,014 |
| Footaction | 789 | 1,258 | 800 | 1,300 |
| Champs Sports | 1,913 | 2,927 | 1,939 | 2,964 |
| Runners Point | 143 | 244 | 159 | 260 |
| Sidestep | 75 | 129 | 83 | 140 |
| Total | 7,483 | 12,734 | 7,619 | 12,992 |