

FOOT LOCKER, INC.

N E W S R E L E A S E

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FOOT LOCKER, INC. REPORTS FIRST QUARTER RESULTS

- **Income Per Share from Continuing Operations Increased 15 Percent to \$0.31**
- **Company Expects Its Second Quarter EPS to Increase 10-to-20 Percent**
- **Re-confirms Expected Full-Year EPS To Increase 10-to-20 Percent**
- **Cash Position, Net of Debt, Increased By More Than \$100 Million; Strengthened Financial Position**

NEW YORK, NY, May 19, 2004 – Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported financial results for its first quarter ended May 1, 2004.

Financial Results

Income from continuing operations for the Company's first quarter ended May 1, 2004, increased 15 percent to \$0.31 per share, or \$47 million, compared with \$0.27, or \$39 million last year. For the 13-week first quarter period, sales increased 5.1 percent to \$1,186 million this year compared with sales of \$1,128 million last year. First quarter comparable-store sales increased 0.3 percent.

"Our first quarter financial performance was in line with our expectations and the earnings guidance we previously communicated," stated Matthew D. Serra, Foot Locker, Inc.'s Chairman and Chief Executive Officer. "We are pleased with the financial and strategic progress made during the first quarter. We are also pleased, following the end of the quarter, to have completed our acquisition of the Footaction chain. Given our solid first quarter financial results, we have more confidence in our ability to increase income per share from continuing operations in both our second quarter and full year by 10-to-20 percent."

Financial Position

The Company's financial position strengthened as its cash position, net of debt, increased by \$105 million from the same period last year. Merchandise inventories are well positioned to support the Company's recent acquisition of approximately 350 Footaction stores as well as the Company's existing business and planned new store openings.

Taking advantage of current favorable conditions in the interest rate environment, the Company elected to finance a portion of the purchase price of its recently acquired Footaction stores through a 5-year, \$175 million amortizing term loan with its existing bank group. The initial interest rate on the LIBOR-based, floating-rate loan is 2.625 percent. The Company also amended and extended to 2009 its revolving credit agreement to be co-terminus with the final maturity of the term loan.

On April 20, 2004, the Company provided notification to The Bank of New York, as Trustee under the indenture, of its intent to redeem the entire \$150 million outstanding 5.5% convertible subordinated notes. As a result of this redemption notification, the Company expects that most holders will convert their notes into shares of Foot Locker, Inc. common stock, on or before June 3, 2004, at a conversion price of \$15.806 per share.

Mr. Serra continued, "Maintaining a strong financial position and working towards an investment grade credit rating remains a high priority for our Company, and we believe that the continuing progress we have made in enhancing our financial position and balance sheet is moving us closer towards this goal. Along these lines, we are focused on remaining financially prudent as we pursue new investment opportunities, as evidenced by the completion of the new financing arrangement in connection with our Footaction stores purchase.

Store Base Update

During the first quarter of 2004 the Company opened 21 stores, remodeled/relocated 119 stores and closed 44 stores. At May 1, 2004, the Company operated 3,587 stores in 16 countries in North America, Europe and Australia.

The Company is hosting a live conference call at 10:00 am (ET) on Thursday, May 20, 2004 to review 2004 first quarter results, discuss our 2004 outlook and Footaction acquisition, 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, May 24, 2004.

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 key vendor), unseasonable weather, risks associated with foreign global sourcing, including political instability, changes in import regulations, disruptions to transportation services and distribution, and the presence of severe acute respiratory syndrome, 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, the ability of the Company to execute its business plans effectively with regard to each of its business units, including its plans for the marquee and launch footwear component of its business, and its plans for the integration of the Footaction stores. 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 May 1, 2004 and May 3, 2003
(In millions, except per share amounts)

	First Quarter 2004	First Quarter 2003
Sales	\$ 1,186	\$ 1,128
Cost of sales	826	783
Selling, general and administrative expenses	248	241
Depreciation and amortization	34	37
Interest expense, net	4	5
	<u>1,112</u>	<u>1,066</u>
Income from continuing operations before income taxes	74	62
Income tax expense	27	23
Income from continuing operations	47	39
Income on disposal of discontinued operations, net	1	--
Cumulative effect of accounting changes, net ⁽¹⁾	--	(1)
Net income	<u>\$ 48</u>	<u>\$ 38</u>
<u>Diluted EPS:</u>		
Income from continuing operations	\$ 0.31	\$ 0.27
Loss on disposal of discontinued operations	--	--
Cumulative effect of accounting changes, net of income taxes ⁽¹⁾	--	(0.01)
Net income	<u>\$ 0.31</u>	<u>\$ 0.26</u>
Weighted-average diluted shares outstanding	156.2	151.3

⁽¹⁾ Related to adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations."

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

	May 1, 2004	May 3, 2003
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$ 392	\$ 306
Merchandise inventories	1,051	941
Assets of discontinued operations	2	2
Other current assets	151	90
	<u>1,596</u>	<u>1,339</u>
Property and equipment, net	640	626
Deferred tax assets	191	233
Other assets	333	333
	<u>\$ 2,760</u>	<u>\$ 2,531</u>
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Accounts payable	\$ 370	\$ 344
Accrued liabilities	279	254
Current liabilities and reserves for restructuring, discontinued operations and businesses held for sale	9	21
Current portion of long-term debt and obligations under capital leases	150	--
	<u>808</u>	<u>619</u>
Long-term debt and obligations under capital Leases ⁽¹⁾	182	358
Other liabilities ⁽¹⁾	355	401
SHAREHOLDERS' EQUITY	1,415	1,153
	<u>\$ 2,760</u>	<u>\$ 2,531</u>

⁽¹⁾ Long-term debt and obligations under capital leases were reduced in 2004 by \$5 million and increased in 2003 by \$2 million, representing the fair value of interest rate swaps related to the Company's 8½% debentures due in 2022. The Company's cash position, net of debt, calculation excludes the fair value of these interest rate swaps which are reflected in other liabilities.

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

	May 1, 2004	May 3, 2003	January 31, 2004
Foot Locker U.S.			
Number of stores	1,436	1,458	1,448
Gross square footage	5,849	5,978	5,916
Selling square footage	3,402	3,469	3,447
Lady Foot Locker			
Number of stores	570	600	584
Gross square footage	1,270	1,335	1,303
Selling square footage	707	754	723
Kids Foot Locker			
Number of stores	350	370	357
Gross square footage	846	899	863
Selling square footage	504	535	514
Champs Sports			
Number of stores	580	588	581
Gross square footage	3,227	3,285	3,239
Selling square footage	2,221	2,305	2,244
Foot Locker International			
Number of stores	651	584	640
Gross square footage	1,864	1,645	1,823
Selling square footage	1,005	922	992
Total Athletic Group			
Number of stores	3,587	3,600	3,610
Gross square footage	13,056	13,142	13,144
Selling square footage	7,839	7,985	7,920