

FOOT LOCKER INC
Form 8-K
March 29, 2011

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 23, 2011

Foot Locker, Inc.

(Exact Name of Registrant as Specified in its Charter)

New York
(State or other Jurisdiction
of Incorporation)

1-10299
(Commission File Number)

13-3513936
(I.R.S. Employer
Identification No.)

112 West 34th Street, New York, New York
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **212-720-3700**

10120
(Zip Code)

Former Name/Address
(Former name or former address, if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(e) (1) Establishment of Performance Goals.

(i) On March 23, 2011, the Compensation and Management Resources Committee (the "Compensation Committee") of the Board of Directors of Foot Locker, Inc. (the "Company") established the performance goals for the 2011 fiscal year under the Annual Bonus Plan. The goals for the executives are based on the Company's pre-tax income. Under the Annual Bonus Plan, the amount that would be paid to the executives if the performance goals are met is based on a percentage of their annual base salaries earned for the plan year. The percentage of annual base salary payable at threshold, target, and maximum for each of the executives included as named executive officers in the Company's 2011 proxy statement is stated in the table below:

Name	Percent of Annual Base Salary at Threshold Payout	Percent of Annual Base Salary at Target Payout	Percent of Annual Base Salary at Maximum Payout
Ken C. Hicks	31.25%	125%	218.75%
Robert W. McHugh	12.5%	50%	87.5%
Ronald J. Halls	12.5%	50%	87.5%
Richard A. Johnson	12.5%	50%	87.5%
Gary M. Bahler	12.5%	50%	87.5%

(ii) On March 23, 2011, the Compensation Committee established long-term incentive compensation performance goals for the 2011-2012 performance period based on a combination of the Company's two-year average after-tax income and return-on-invested capital. Provided the performance goals are achieved, the payout structure of the executives' long-term awards is as follows: (a) 50 percent of the award would be payable in cash under the Long-Term Incentive Compensation Plan, (b) 50 percent of the award would be payable in restricted stock units under the 2007 Stock Incentive Plan, as amended and restated (the "2007 Stock Incentive Plan"), and (c) both the cash portion and the restricted stock unit portion of the payout would be subject to a time-based, one-year holding period following the end of the performance period before payout to the executives.

Individual long-term target awards are expressed as a percentage of the rate of the executive's annual base salary as approved by the Compensation Committee on March 23, 2011. The percentages shown in the table below represent the percent of 2011 annual base salary rates that would be paid to each of the named executive officers, in cash and restricted stock units as described in the foregoing paragraph, only if the established goals are achieved.

Name	Performance Period	Percent of Annual Base Salary at Threshold Payout	Percent of Annual Base Salary at Target Payout	Percent of Annual Base Salary at Maximum Payout
Ken C. Hicks	2011-2012	43.75%	175%	350%
Robert W. McHugh	2011-2012	18.75%	75%	150%
Ronald J. Halls	2011-2012	18.75%	75%	150%
Richard A. Johnson	2011-2012	18.75%	75%	150%
Gary M. Bahler	2011-2012	18.75%	75%	150%

The threshold, target and maximum number of restricted stock units for each executive was calculated on March 23, 2011 on the basis of that day's closing stock price. The actual number of restricted stock units awarded will be based on the Company's performance compared to targets. The value of the restricted stock units received by an executive will depend upon the Company's stock price on the payment date.

(2) Amendment of Long-Term Incentive Compensation Plan. On March 23, 2011, the Board of Directors of the Company approved the Foot Locker Long-Term Incentive Compensation Plan, as Amended and Restated (the "Long-Term Bonus Plan"). The named executive officers, as well as other officers and key employees of the Company, participate in this plan. The principal amendments made to the Long-Term Bonus Plan were to (a) provide for expanded performance goal criteria to allow for a broader range of metrics in determining performance goals under the plan and (b) provide that the definition of Annual Base Salary means an executive's annual base salary approved at the time the performance goals are established. The Long-Term Bonus Plan will be considered for approval by shareholders at the Company's 2011 Annual Shareholders Meeting. A copy of the Long-Term Bonus Plan is attached hereto as Exhibit 10.1 and is incorporated herein in its entirety.

(3) Stock Option Awards. On March 23, 2011, the Compensation Committee granted nonstatutory stock options to the following named executive officers under the 2007 Stock Incentive Plan. The options will vest in three equal installments, on March 23, 2012, March 23, 2013, and March 23, 2014. The options were granted at an exercise price of \$18.84 per share, which was 100 percent of the fair market value (closing price) of a share of the Company's Common Stock on the date of grant.

Name	Number of Shares
Ken C. Hicks	500,000
Robert W. McHugh	80,000
Ronald J. Halls	80,000
Richard A. Johnson	80,000
Gary M. Bahler	50,000

(4) Restricted Stock Award. On March 23, 2011, the Compensation Committee granted an award of 50,000 shares of restricted stock to Ken C. Hicks under the 2007 Stock Incentive Plan. Mr. Hicks' shares will vest on March 23, 2014, provided that he remains employed as Chief Executive Officer of the Company through the vesting date. Mr. Hicks will be entitled to receive and retain all cash dividends that are payable after the date of grant to record holders of the Company's Common Stock.

(5) Annual Base Salaries. On March 23, 2011, the Compensation Committee approved the annual base salaries, effective as of May 1, 2011, of the following executive officers of the Company who will be included as Named Executive Officers in the Company's 2011 proxy statement. As the Company's salary increases generally become effective on May 1 of each year, the annual base salary rate shown in the table may be higher than the actual salary earned by the executive for the year. The actual salary earned for the year is the amount that will be reflected in the Summary Compensation Table in the Company's proxy statement for the relevant year:

Name and Position	Year	Base Salary
Ken C. Hicks Chairman of the Board, President and Chief Executive Officer	2011	\$ 1,100,000
Robert W. McHugh Executive Vice President and Chief Financial Officer	2011	\$ 620,000
Ronald J. Halls President and Chief Executive Officer Foot Locker, Inc. International	2011	\$ 795,000
Richard A. Johnson President and Chief Executive Officer Foot Locker U.S./Lady Foot Locker/Kids Foot Locker/Footaction	2011	\$ 745,000
Gary M. Bahler Senior Vice President, General Counsel and Secretary	2011	\$ 540,000

Item 9.01. **Financial Statements and Exhibits**

(c) Exhibits

10.1 Foot Locker Long-Term Incentive Compensation Plan, as Amended and Restated

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FOOT LOCKER, INC.

(Registrant)

Date: March 29, 2011

By: /s/ Gary M. Bahler

*Senior Vice President, General Counsel
and Secretary*