

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 10 - Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 29, 2000

Commission file no. 1-10299

VENATOR GROUP, INC.
(Exact name of registrant as specified in its charter)New York
(State or other jurisdiction of incorporation or organization) 13-3513936
(I.R.S. Employer Identification No.)112 W. 34th Street, New York, New York
(Address of principal executive offices) 10120
(Zip Code)

Registrant's telephone number: (212) 720-3700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Number of shares of Common Stock outstanding at May 26, 2000: 137,646,206

VENATOR GROUP, INC.

TABLE OF CONTENTS

	Page No. -----
Part I. Financial Information	
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Operations	2
Condensed Consolidated Statements of Comprehensive Income	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5-9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-13
Part II. Other Information	
Item 1. Legal Proceedings	14
Item 6. Exhibits and Reports on Form 8-K	14
Signature	15
Index to Exhibits	16-18

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VENATOR GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except shares)

	April 29, 2000 ----	May 1, 1999* ----	January 29, 2000 ----
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents	\$ 54	\$ 13	\$ 162
Restricted cash	90	--	--
Merchandise inventories	766	889	739
Assets held for disposal	47	--	61
Net assets of discontinued operations	13	101	13
Other current assets	122	205	114
	-----	-----	-----
	1,092	1,208	1,089
Property and equipment, net	782	984	809
Deferred taxes	315	357	317
Goodwill, net	149	169	151
Other assets	145	91	149
	-----	-----	-----
	\$ 2,483	\$ 2,809	\$ 2,515
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term debt	\$ 101	\$ 274	\$ 71
Accounts payable	249	276	233
Accrued liabilities	218	218	254
Current portion of repositioning and restructuring reserves	68	9	88
Current portion of reserve for discontinued operations	23	126	25
Current portion of long-term debt and obligations under capital leases	94	7	106
	-----	-----	-----
	753	910	777
Long-term debt and obligations under capital leases	312	513	312
Other liabilities	276	343	287
Shareholders' equity			
Common stock and paid-in capital: 137,841,865; 137,303,156 and 137,542,104 shares, respectively	341	332	337
Retained earnings	960	894	945
Accumulated other comprehensive loss	(157)	(183)	(142)
Less: Treasury stock at cost: 261,667; 59,350 and 100,000 shares, respectively	(2)	--	(1)
	-----	-----	-----
Total shareholders' equity	1,142	1,043	1,139
	-----	-----	-----
	\$ 2,483	\$ 2,809	\$ 2,515
	=====	=====	=====

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 1999 quarterly information has been restated to reflect the change in method for calculating the market-related value of pension plan assets.

VENATOR GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions, except per share amounts)

	Thirteen weeks ended	
	April 29, 2000	May 1, 1999*
	----	-----
Sales	\$ 1,108	\$ 1,079
Costs and Expenses		
Cost of sales	787	791
Selling, general and administrative expenses ..	258	256
Depreciation and amortization	40	45
Interest expense, net	9	11
Other income	(10)	(6)
	-----	-----
	1,084	1,097
	-----	-----
Income (loss) from continuing operations before income taxes	24	(18)
Income tax expense (benefit)	9	(7)
	-----	-----
Income (loss) from continuing operations	15	(11)
Cumulative effect of accounting change, net of income tax expense of \$6	--	8
	-----	-----
Net income (loss)	\$ 15	\$ (3)
	=====	=====
Basic earnings per share:		
Income (loss) from continuing operations	\$ 0.11	\$ (0.08)
Cumulative effect of accounting change	--	0.06
	-----	-----
Net income (loss)	\$ 0.11	\$ (0.02)
	=====	=====
Weighted-average common shares outstanding	137.6	136.7
Diluted earnings per share:		
Income (loss) from continuing operations	\$ 0.11	\$ (0.08)
Cumulative effect of accounting change	--	0.06
	-----	-----
Net income (loss)	\$ 0.11	\$ (0.02)
	=====	=====
Weighted-average common shares outstanding assuming dilution	138.5	136.7

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 1999 quarterly information has been restated to reflect the change in method for calculating the market-related value of pension plan assets.

VENATOR GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in millions)

	Thirteen weeks ended	
	April 29, 2000 -----	May 1, 1999* -----
Net income (loss)	\$ 15	\$ (3)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments arising during the period, net of deferred tax (benefit) expense of \$(9) and \$3, respectively	(15) -----	4 -----
Comprehensive income	\$ - =====	\$ 1 =====

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 1999 quarterly information has been restated to reflect the change in method for calculating the market-related value of pension plan assets.

VENATOR GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	Thirteen weeks ended April 29, 2000 ----	May 1, 1999* -----
From Operating Activities:		
Net income (loss)	\$ 15	\$ (3)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations:		
Cumulative effect of accounting change, net of tax	--	(8)
Depreciation and amortization	40	45
Gains on sales of assets and investments	(6)	--
Gains on sales of real estate	(4)	(6)
Deferred income taxes	(1)	(14)
Change in assets and liabilities:		
Merchandise inventories	(32)	(51)
Accounts payable and other accruals	(17)	(25)
Repositioning and restructuring reserves	(20)	(4)
Other, net	7	(61)
	-----	-----
Net cash used in operating activities of continuing operations	(18)	(127)
	-----	-----
From Investing Activities:		
Proceeds from sales of real estate	2	7
Capital expenditures	(18)	(54)
	-----	-----
Net cash used in investing activities of continuing operations	(16)	(47)
	-----	-----
From Financing Activities:		
Cash restricted for repayment of long-term debt	(90)	--
Increase in short-term debt	30	24
Reduction in long-term debt and capital lease obligations	(13)	(2)
Issuance of common stock	2	4
	-----	-----
Net cash (used in) provided by financing activities of continuing operations	(71)	26
	-----	-----
Net Cash used in Discontinued Operations	(4)	(29)
Effect of exchange rate fluctuations on Cash and Cash Equivalents	1	(3)
	-----	-----
Net change in Cash and Cash Equivalents	(108)	(180)
Cash and Cash Equivalents at beginning of year	162	193
	-----	-----
Cash and Cash Equivalents at end of interim period	\$ 54	\$ 13
	=====	=====
Cash paid during the period:		
Interest	\$ 2	\$ 5
Income taxes	\$ 16	\$ 14

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 1999 quarterly information has been restated to reflect the change in method for calculating the market-related value of pension plan assets.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Registrant's Form 10-K for the year ended January 29, 2000, as filed with the Securities and Exchange Commission (the "SEC") on April 21, 2000. Certain items included in these statements are based on management's estimates. In the opinion of management, all material adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods have been included. The results for the thirteen weeks ended April 29, 2000 are not necessarily indicative of the results expected for the year.

Cumulative Effect of Change in Accounting Principle

In the fourth quarter of 1999, the Registrant adopted a preferred method for calculating the market-related value of its U.S. pension plan assets used in determining annual pension expense. The change was accounted for as if it had occurred at the beginning of the first quarter of 1999 and accordingly, quarterly information presented for 1999 has been restated to reflect this change. The impact of this change resulted in a non-cash benefit in 1999 of approximately \$14 million before-tax, or \$0.06 per diluted share, representing the cumulative effect of the accounting change related to years prior to 1999. The change resulted in lower pension expense in 1999 of \$4.5 million before-tax, or \$0.02 per diluted share as follows: \$0.8 million in each of the first and second quarters, \$1.8 million in the third quarter and \$1.1 million in the fourth quarter.

1999 Restructuring

During the second quarter of 1999, the Registrant recorded a restructuring charge of \$64 million before-tax or \$39 million after-tax, in connection with its plan to sell or liquidate eight non-core businesses: The San Francisco Music Box Company, Randy River Canada, Foot Locker Outlets, Colorado, Team Edition, Going To The Game!, Weekend Edition and Burger King franchises. Major components of the charge included \$24 million for leasehold and real estate disposition costs, \$19 million for fixed asset and other asset impairments, \$12 million for inventory markdowns and \$9 million for other exit costs. The inventory markdowns of \$12 million were included in cost of sales while the remaining \$52 million restructuring charge was included in operating expenses. The Registrant recorded an additional charge to the reserve of \$3 million in the third quarter of 1999 relating to fixed asset and real estate disposition costs and a reduction of \$4 million in the fourth quarter of 1999 relating to better than anticipated real estate disposition costs. In the first quarter of 2000 the Registrant recorded an additional charge of \$5 million related to the disposal of the remaining businesses. Disposition activity of approximately \$5 million charged to the reserve included \$3 million in leasehold and real estate disposition costs, \$1 million for the loss on disposal of Randy River Canada and \$1 million in severance and other costs. The \$24 million reserve balance at April 29, 2000 reflects estimated lease costs of \$14 million and other disposition costs of \$10 million, which will be substantially utilized in 2000.

In the fourth quarter of 1999, the Registrant announced a further restructuring plan and recorded a charge of \$92 million before-tax or \$56 million after-tax. The Registrant planned to close 358 under-performing stores in the United States and Canada (including the entire Northern Getaway and Northern Elements formats in the United States) and its Foot Locker stores in Asia, to reduce sales support and corporate staff by over 30 percent and to close its distribution center in Maumelle, Arkansas.

As of January 29, 2000, 72 stores included in the accelerated store-closing program had been closed. During the first quarter of 2000, 215 under-performing stores were closed and the remaining 71 stores are expected to close during the balance of the year. Real estate disposition costs charged to the reserve during the first quarter of 2000 amounted to approximately \$4 million. The reserve balance of \$34 million at April 29, 2000 represents leasehold and real estate disposition costs of \$33 million and \$1 million in severance costs to eliminate approximately 3,100 store positions. Approximately 2,500 positions have been eliminated in the United States and Canada as of April 29, 2000. All remaining Foot Locker stores in Asia were closed during the first quarter of 2000 and real estate and severance costs of \$1 million were charged to the reserve. The reserve balance of \$2 million at April 29, 2000 primarily reflects real estate disposition costs.

In connection with the reduction of sales support and corporate staff, approximately 340 of the 400 positions have been eliminated and the related severance costs reduced the reserve from \$14 million at January 29, 2000 to \$5 million at April 29, 2000. The Registrant has entered into an agreement to sublease its Maumelle distribution center earlier than anticipated and to sell the associated fixed assets, which had been fully impaired in the fourth quarter of 1999, for proceeds of approximately \$3 million. The Registrant recorded a reduction to the reserve of \$5 million in connection with the agreement and accordingly, there was no reserve balance as of April 29, 2000. The anticipated proceeds from the sale of the fixed assets will be used to pay the costs related to severance payments of \$1 million to eliminate approximately 200 positions and real estate and other costs of \$2 million.

Included in the consolidated results of operations are sales of \$36 million and \$76 million, and operating losses of \$12 million and \$24 million for the thirteen weeks ended April 29, 2000 and May 1, 1999, respectively, for the above non-core businesses and under-performing stores.

Inventory, fixed assets and other long-lived assets of all businesses to be exited have been valued at the lower of cost or net realizable value. These assets, totaling \$47 million and \$61 million have been reclassified as assets held for disposal in the Condensed Consolidated Balance Sheets as of April 29, 2000 and January 29, 2000, respectively.

Long-Term Debt

The Registrant purchased \$100 million of the \$200 million 7.0 percent debentures, which are due June 1, 2000, at various dates throughout January 2000. As of May 18, 2000, the Registrant purchased an additional \$13 million of the 7.0 percent debentures and set aside funds for the repayment of the remaining \$87 million due on June 1, 2000. As of April 29, 2000, \$90 million restricted cash related to the funds set aside for the repayment of the remaining debentures.

Other Income

Other income of \$10 million for the first quarter of 2000 included corporate real estate gains of \$4 million related to property sales and a \$6 million gain associated with the recent demutualization of the Metropolitan Life Insurance Company. In the first quarter of 1999 other income reflected corporate real estate gains of \$6 million.

Segment Information

Sales and operating results for the Registrant's reportable segments for the thirteen weeks ended April 29, 2000 and May 1, 1999, respectively, are presented below. Operating results reflect income (loss) from continuing operations before income taxes, excluding corporate expense, corporate gains and net interest expense.

Sales: (in millions)	Thirteen weeks ended	
	April 29, 2000	May 1, 1999
-----	----	----
Global Athletic Group:		
Retail stores	\$ 963	\$ 883
Direct to Customer	57	48
	-----	-----
	1,020	931
Northern Group	70	69
All Other (1)	18	79
	-----	-----
	\$1,108	\$1,079
	=====	=====

(1) All formats presented as "All Other" were either disposed or held for disposal at April 29, 2000. First quarter 2000 does not include Afterthoughts, Weekend Edition and Randy River Canada, which were sold in the fourth quarter of 1999.

Operating Results:
(in millions)

	Thirteen weeks ended	
	April 29, 2000	May 1, 1999 (1)
Global Athletic Group:		
Retail Stores	65	16
Direct to Customer	(3)	4
	62	20
Northern Group	(14)	(17)
All Other (2)	(9)	--
	39	3
Operating profit	6	10
Corporate expense (3)	9	11
Interest expense, net		
Income (loss) from continuing operations before income taxes	\$ 24	\$(18)
	====	====

- (1) 1999 quarterly information has been restated to reflect the change in method for calculating the market-related value of pension plan assets.
- (2) All formats presented as "All Other" were either disposed or held for disposal at April 29, 2000. First quarter 2000 includes a restructuring charge of \$5 million and does not include operations of Afterthoughts, Weekend Edition and Randy River Canada, which were sold in the fourth quarter of 1999.
- (3) First quarter 2000 includes a \$5 million reduction of the 1999 restructuring charge.

Earnings Per Share

Basic earnings per share is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur from common shares issuable through stock-based compensation including stock options, restricted stock awards and other convertible securities. A reconciliation of weighted-average common shares outstanding to weighted-average common shares outstanding assuming dilution follows:

(in millions)	Thirteen weeks ended	
	April 29, 2000	May 1, 1999
Weighted-average common shares outstanding	137.6	136.7
Incremental common shares issuable	0.9	--
Weighted-average common shares outstanding assuming dilution	138.5	136.7
	=====	=====

Incremental common shares were not included in the computation for the thirteen weeks ended May 1, 1999, since their inclusion in periods when the Registrant reported a loss from continuing operations would be antidilutive. Options to purchase 6.6 million shares of common stock with an exercise price greater than the average market price which were outstanding at April 29, 2000, were not included in the computation of diluted earnings per share.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss comprised foreign currency translation adjustments of \$155 million, \$140 million, and \$140 million, and minimum pension liability adjustments of \$2 million, \$43 million and \$2 million at April 29, 2000, May 1, 1999, and January 29, 2000, respectively.

Discontinued Operations

In the third quarter of 1998, the Registrant announced that it was exiting its International General Merchandise segment. Disposition activity of approximately \$3 million charged to the reserve for the first quarter of 2000 primarily reflected lease payments. Of the remaining reserve balance of \$7 million at April 29, 2000, \$2 million is required to satisfy lease obligations within twelve months and the remaining \$5 million thereafter.

The Registrant also announced in the third quarter of 1998 that it was exiting its Specialty Footwear segment. Net disposition activity of approximately \$3 million charged to the reserve for the first quarter of 2000 primarily reflected lease payments. The reserve balance of \$25 million at April 29, 2000 primarily represents leasehold obligations, \$9 million of which is expected to be utilized within twelve months and the remaining \$16 million thereafter.

In 1997, the Registrant announced that it was exiting its Domestic General Merchandise segment. Net disposition activity of approximately \$1 million charged to the reserve for the first quarter of 2000 included payments for leasehold and real estate disposition costs. The reserve balance of \$22 million at April 29, 2000 is included in current liabilities (\$12 million) and other liabilities (\$10 million) and consists principally of real estate disposition costs.

The following is a summary of the net assets of discontinued operations:

(in millions)	April 29, 2000 ----	May 1, 1999 ----	January 29, 2000 ----
International General Merchandise			
Assets	\$ 5	\$ 46	\$ 5
Liabilities	2	9	2
	----	----	----
Net assets of discontinued operations	\$ 3	\$ 37	\$ 3
	----	----	----
Specialty Footwear			
Assets	\$ 4	\$ 58	\$ 5
Liabilities	1	8	2
	----	----	----
Net assets of discontinued operations	\$ 3	\$ 50	\$ 3
	----	----	----
Domestic General Merchandise			
Assets	\$ 11	\$ 21	\$ 12
Liabilities	4	7	5
	----	----	----
Net assets of discontinued operations	\$ 7	\$ 14	\$ 7
	----	----	----
Total net assets of discontinued operations ...	\$ 13 =====	\$101 =====	\$ 13 =====

The assets primarily include fixed assets and deferred tax assets. Liabilities primarily reflect accounts payable and other accrued liabilities.

Reclassifications

Certain balances in prior periods have been reclassified to conform to the presentation adopted in the current period.

Recent Accounting Pronouncements

In March 2000, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB Opinion 25, Accounting for Stock Issued to Employees," ("FIN No. 44"). FIN No. 44 provides further guidance related to accounting for stock-based compensation, in particular to changes in stock-based awards after the grant date, and will be effective for the Registrant in the second quarter of 2000. The Registrant does not expect FIN No. 44 to have a significant impact on its consolidated financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB No. 101"), which interprets generally accepted accounting principles related to revenue recognition in financial statements. The Registrant will change its method of accounting for sales under its layaway program and will record the cumulative effect, if any, of that change in the second quarter of 2000. The Registrant does not expect SAB No. 101 to have a significant impact on its consolidated financial statements.

In June 1998, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which establishes accounting and reporting standards for derivative instruments and hedging activities. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, an Amendment of FASB Statement No. 133," which defers the implementation of SFAS No. 133 by one year. The Registrant will adopt SFAS No. 133 in 2001 and is in the process of evaluating SFAS No. 133 to determine its impact on the consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References included herein to businesses disposed and held for disposal relate to Afterthoughts, The San Francisco Music Box Company, Foot Locker Outlets, Colorado, Team Edition, Going To The Game!, Randy River Canada, Weekend Edition, Burger King franchises, Foot Locker Asia, Northern Elements U.S. and Northern Getaway U.S.

RESULTS OF OPERATIONS

Sales of \$1,108 million for the first quarter of 2000 increased 2.7 percent from sales of \$1,079 million for the first quarter of 1999, which included a 10.5 percent increase attributable to sales of ongoing formats, offset by a decrease of 7.8 percent related to businesses disposed and held for disposal. Excluding the effect of foreign currency fluctuations and sales from businesses disposed and held for disposal, sales increased 12.5 percent as compared with the corresponding prior-year period, reflecting an increase of 13.4 percent in comparable-store sales.

Gross margin, as a percentage of sales, increased by approximately 230 basis points to 29.0 percent in the first quarter of 2000 as compared with 26.7 percent in the corresponding prior-year period. The increase primarily reflects reduced occupancy costs in 2000 as a result of the disposal of businesses in 1999, and to a lesser extent, a reduction in markdown activity.

Selling, general and administrative expenses ("SG&A") of \$258 million decreased by approximately 40 basis points, as a percentage of sales, to 23.3 percent in the first quarter of 2000 as compared with 23.7 percent in the corresponding prior-year period. This decline reflects the reduced and more efficient store-base in the first quarter of 2000 as compared with a year earlier, offset, in part, by increased store compensation and initiative costs in 2000 that were successful in driving sales. For the first quarter of 2000, SG&A also included Internet costs of approximately \$7 million primarily related to website development.

The \$5 million decrease in depreciation and amortization to \$40 million for the thirteen weeks ended April 29, 2000, reflects the reduction in depreciable assets as a result of the disposal of businesses in 1999 and more focused capital expenditure programs in 2000 and 1999, as compared with prior years.

Interest expense decreased by \$4 million for the thirteen weeks ended April 29, 2000, as compared with the corresponding prior-year period. This decrease reflects reduced short-term interest expense related to lower average short-term borrowing levels, offset in part by higher short-term interest rates, and reduced long-term interest expense resulting from the early retirement of \$112 million of the \$200 million 7.0 percent debentures due in June 2000. Interest income was \$2 million for the first quarter of 2000, as compared with \$4 million in the corresponding prior-year period, \$3 million of which related to income tax refunds.

Other income of \$10 million for the first quarter of 2000 included corporate real estate gains of \$4 million related to property sales and a \$6 million gain associated with the recent demutualization of the Metropolitan Life Insurance Company. This compared with \$6 million recorded in the first quarter of 1999 reflecting corporate real estate gains.

The Registrant reported net income for the thirteen weeks ended April 29, 2000 of \$15 million or \$0.11 per diluted share. For the thirteen weeks ended May 1, 1999, the Registrant reported a net loss of \$3 million or \$0.02 per diluted share, which included income from the cumulative effect of an accounting change of \$8 million after-tax, or \$0.06 per diluted share.

STORE COUNT

The following table summarizes store count by segment, after reclassification for businesses disposed and held for disposal. During the thirteen weeks ended April 29, 2000, the Registrant remodeled or relocated 23 stores. 215 of the 303 stores closed during the quarter related to the 1999 accelerated store-closing program. An additional 71 under-performing stores related to the program will be closed during the balance of the year, of which 65 are included in the Global Athletic Group at April 29, 2000.

	January 29, 2000 ----	Opened -----	Closed -----	April 29, 2000 ----	May 1, 1999 ----
Global Athletic Group	3,693	5	39	3,659	3,726
Northern Group	836	11	103	744	850
Disposed and held for disposal....	345	--	161	184	1,373
	-----	-----	-----	-----	-----
Total	4,874	16	303	4,587	5,949
	=====	=====	=====	=====	=====

SALES

The following table summarizes sales by segment, after reclassification for businesses disposed and held for disposal. The disposed and held for disposal category represents all businesses sold or closed or held for disposal other than the discontinued segments, and are therefore included in continuing operations.

(in millions)	Thirteen weeks ended	
	April 29, 2000 -----	May 1, 1999 -----
Global Athletic Group:		
Retail Stores	\$ 962	\$ 859
Direct to Customers	57	48
	-----	-----
	1,019	907
Northern Group	67	66
Disposed and held for disposal	22	106
	-----	-----
Total sales	\$1,108	\$1,079
	=====	=====

Global Athletic Group sales increased by 12.3 percent as compared with the corresponding prior-year period, reflecting a comparable-store sales increase of 13.9 percent. Sales from ongoing retail store formats increased 12.0 percent, reflecting stronger sales performance in all formats, particularly in Europe, which produced a comparable-store sales increase of 40.5 percent. Both footwear, particularly the high-end athletic footwear lines, such as Tuned Air running shoes and the Up Tempo basketball shoes, and private label apparel contributed to the strong sales performance. Direct to Customers sales increased by 18.8 percent for the thirteen weeks ended April 29, 2000 compared with the corresponding prior-year period. Catalog sales increased by 6.5 percent to \$49 million in the first quarter of 2000 and Internet sales of \$8 million, excluding freight, increased by \$6 million, compared with the first quarter of 1999.

Excluding the impact of foreign currency fluctuations, Northern Group sales were essentially flat as compared with the corresponding prior-year period, reflecting a comparable-store sales increase of 6.2 percent, offset by the impact of closing 107 under-performing stores in the United States and Canada.

OPERATING RESULTS

Operating results reflect income (loss) from continuing operations before income taxes, excluding corporate expense, corporate gains and net interest expense. The following table summarizes operating profit (loss) by segment, after reclassification for businesses disposed and held for disposal.

(in millions)	Thirteen weeks ended	
	April 29, 2000	May 1, 1999
Global Athletic Group:		
Retail Stores	\$ 67	\$ 26
Direct to Customers	(3)	4
	----	----
	64	30
Northern Group	(11)	(13)
Disposed and held for disposal	(9)	(14)
Restructuring charges	(5)	--
	----	----
Total operating profit	\$ 39	\$ 3
	====	====

The Global Athletic Group reported operating profit of \$64 million for the thirteen weeks ended April 29, 2000 as compared with \$30 million for the first quarter of the corresponding prior-year period. Operating profit from ongoing retail stores for the first quarter of 2000 increased by \$41 million from the corresponding prior-year period. This increase reflects improved sales and gross margin rate performances in all athletic formats, in a somewhat less promotional environment. Direct to Customers operating results decreased from a profit of \$4 million in the first quarter of 1999 to a loss of \$3 million in the first quarter of 2000 due to Internet development and marketing costs of approximately \$7 million.

The Northern Group's operating results for the thirteen weeks ended April 29, 2000 improved by \$2 million as compared with the corresponding prior-year period, resulting primarily from the closure of under-performing stores.

In the first quarter of 2000, the remaining businesses in the 1999 restructuring program incurred operating losses of \$9 million and a further restructuring charge of \$5 million was recorded related to their disposition.

SEASONALITY

The Registrant's businesses are seasonal in nature. Historically, the greatest proportion of sales and net income is generated in the fourth quarter and the lowest proportions of sales and net income are generated in the first and second quarters, reflecting seasonal buying patterns. As a result of these seasonal sales patterns, inventory generally increases in the third quarter in anticipation of strong fourth quarter sales.

LIQUIDITY AND CAPITAL RESOURCES

The Registrant's primary sources of cash have been from operations, borrowings under the revolving credit agreement and proceeds from the sale of non-strategic assets. The Registrant generally finances real estate with operating leases. The principal uses of cash have been to finance inventory requirements, which are generally at their peak during the third and fourth quarters; capital expenditures related to store openings, store remodeling and management information systems; and to fund other general working capital requirements.

Operating activities of continuing operations reduced cash by \$18 million for the thirteen weeks ended April 29, 2000, as compared with a reduction of \$127 million in the corresponding prior-year period. These amounts reflect the income (loss) from continuing operations reported by the Registrant in those periods, adjusted for non-cash items and working capital changes. Merchandise inventories, excluding businesses held for disposal, of \$766 million at April 29, 2000 declined by \$22 million from \$788 million at May 1, 1999. Included in the cash flow from operations for the thirteen weeks ended April 29, 2000 were cash payments of \$20 million relating to the 1999 restructuring program. Other operating activities for the thirteen weeks ended May 1, 1999 included the cash outlay for occupancy costs on May 1, 1999 due to the timing of the quarter end.

Net cash used in investing activities of continuing operations was \$16 million and \$47 million for the thirteen weeks ended April 29, 2000 and May 1, 1999, respectively. Capital expenditures of \$18 million for the first quarter of 2000 primarily related to store remodelings as compared with \$54 million for the corresponding prior-year period. Planned capital expenditures of \$110 million for 2000 include expenditures for new store openings, remodeling of existing stores, management information systems, logistics and other support facilities. Proceeds from real estate disposition activities amounted to \$2 million in the first quarter of 2000 as compared with \$7 million in the first quarter of 1999.

Financing activities for the Registrant's continuing operations utilized cash of \$71 million for the thirteen weeks ended April 29, 2000 compared to cash provided by financing activities of \$26 million for the corresponding prior-year period. Outstanding borrowings under the Registrant's revolving credit agreement were \$101 million and \$274 million at April 29, 2000 and May 1, 1999, respectively, and have been classified as short-term debt. The facility available at April 29, 2000 of \$300 million was reduced in accordance with the provisions of the revolving credit agreement from \$350 million on February 15, 2000. During the first quarter of 2000, the Registrant purchased \$12 million of its \$200 million 7.0 percent debentures and an additional \$1 million on May 10, 2000. On June 1, 2000, the remaining balance of \$87 million was repaid with restricted cash funds set aside on February 15, 2000, as required by the revolving credit agreement. Management believes current domestic and international credit facilities and cash provided by operations will be adequate to finance its working capital requirements and support the development of its short-term and long-term strategies.

Net cash used in discontinued operations primarily reflects real estate disposition expenses charged to the Specialty Footwear, International and Domestic General Merchandise reserves for both periods presented.

The European Union comprises fifteen member states, eleven of which adopted a common currency, the "euro," effective January 1, 1999. From that date until January 1, 2002, the transition period, the national currencies will remain legal tender in the participating countries as denominations of the euro. Monetary, capital, foreign exchange and interbank markets have converted to the euro and non-cash transactions are possible in euros. On January 1, 2002, euro bank notes and coins will be issued and the former national currencies will be withdrawn from circulation no later than July 1, 2002.

The Registrant has reviewed the impact of the euro conversion on its information systems, accounting systems, vendor payments and human resources. Modifications required to be made to the point of sale hardware and software are expected to be completed throughout 2000 and 2001.

The adoption of a single European currency will lead to greater product pricing transparency and a more competitive environment. The Registrant will display the euro equivalent price of merchandise as a customer service during the transition period, as will many retailers, until the official euro conversion in 2002. The euro conversion is not expected to have a significant effect on the Registrant's results of operations or financial condition.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of the federal securities laws. All statements, other than statements of historical facts, which address activities, events or developments that the Registrant expects or anticipates will or may occur in the future, including such things as future capital expenditures, strategic plans, expansion, growth of the Registrant's business and operations and euro related actions and other such matters are forward-looking statements. These forward-looking statements are based on many assumptions and factors including effects of currency fluctuations, consumer preferences and economic conditions worldwide and the ability of the Registrant to implement, in a timely manner, the programs and actions related to the euro issue. Any changes in such assumptions or factors could produce significantly different results.

Item 1. Legal Proceedings

The only legal proceedings pending against the Registrant or its consolidated subsidiaries consist of ordinary, routine litigation, including administrative proceedings, incident to the businesses of the Registrant, as well as litigation incident to the sale and disposition of businesses that have occurred in the past several years. Management does not believe that the outcome of such proceedings will have a significant effect on the Registrant's consolidated financial position, liquidity, or results of operations.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

An index of the exhibits that are required by this item, and which are furnished in accordance with Item 601 of Regulation S-K, appears on pages 16 through 18. The exhibits that are in this report immediately follow the index.

(b) Reports on Form 8-K

The Registrant filed a report on Form 8-K dated February 9, 2000 (date of earliest event reported) reporting that the Board of Directors elected Matthew D. Serra as Chief Operating Officer, effective as of this date.

The Registrant filed a report on Form 8-K dated March 8, 2000 (date of earliest event reported) reporting sales and earnings for the fourth quarter ended January 29, 2000.

The Registrant filed a report on Form 8-K dated April 12, 2000 (date of earliest event reported) reporting that the Board of Directors elected Dale W. Hilpert as Chairman of the Board and Chief Executive Officer, effective as of this date. Also reported was the resignation of Roger N. Farah, who had been the Chairman of the Board, and the nomination of David Y. Schwartz to stand for election to the Board of Directors at the 2000 Annual Meeting.

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 thereunto duly authorized.

VENATOR GROUP, INC.
(Registrant)

Date: June 12, 2000

/s/ Bruce Hartman
BRUCE HARTMAN
Senior Vice President
and Chief Financial Officer

VENATOR GROUP, INC.
 INDEX OF EXHIBITS REQUIRED BY ITEM 6(a) OF FORM 10-Q
 AND FURNISHED IN ACCORDANCE WITH ITEM 601 OF REGULATION S-K

Exhibit No. in Item 601 of Regulation S-K -----	Description -----
1	*
2	*
3(i)(a)	Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on April 7, 1989 (incorporated herein by reference to Exhibit 3(i)(a) to the Quarterly Report on Form 10-Q for the quarterly period ended July 26, 1997, filed by the Registrant with the SEC on September 4, 1997 (the "July 26, 1997 Form 10-Q")).
3(i)(b)	Certificates of Amendment of the Certificate of Incorporation of the Registrant, as filed by the Department of State of the State of New York on (a) July 20, 1989 (b) July 24, 1990 (c) July 9, 1997 (incorporated herein by reference to Exhibit 3(i)(b) to the July 26, 1997 Form 10-Q) and (d) June 11, 1998 (incorporated herein by reference to Exhibit 4.2(a) of the Registration Statement on Form S-8 (Registration No. 333-62425) previously filed with the SEC).
3(ii)	By-laws of the Registrant, as amended (incorporated herein by reference to Exhibit 4.2 of the Registration Statement on Form S-8 (Registration No. 333-62425) previously filed with the SEC).
4.1	The rights of holders of the Registrant's equity securities are defined in the Registrant's Certificate of Incorporation, as amended (incorporated herein by reference to Exhibits 3(i)(a) and 3(i)(b) to the July 26, 1997 Form 10-Q and Exhibit 4.2(a) to the Registration Statement on Form S-8 (Registration No. 333-62425) previously filed with the SEC).
4.2	Rights Agreement dated as of March 11, 1998 ("Rights Agreement"), between Venator Group, Inc. and First Chicago Trust Company of New York, as Rights Agent (incorporated herein by reference to Exhibit 4 to the Form 8-K dated March 11, 1998).
4.2(a)	Amendment No. 1 to the Rights Agreement, dated as of May 28, 1999 (incorporated herein by reference to Exhibit 4.2(a) to the Quarterly Report on Form 10-Q for the quarterly period ended May 1, 1999, filed by the Registrant with the SEC on June 4, 1999).

Exhibit No. in Item 601
of Regulation S-K

Description

Exhibit No. in Item 601 of Regulation S-K	Description
4.3	Indenture dated as of October 10, 1991 (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-3 (Registration No. 33-43334) previously filed with the SEC).
4.4	Forms of Medium-Term Notes (Fixed Rate and Floating Rate) (incorporated herein by reference to Exhibits 4.4 and 4.5 to the Registration Statement on Form S-3 (Registration No. 33-43334) previously filed with the SEC).
4.5	Form of 8 % Debentures due 2022 (incorporated herein by reference to Exhibit 4 to the Registrant's Form 8-K dated January 16, 1992).
4.6	Purchase Agreement dated June 1, 1995 and Form of 7% Notes due 2000 (incorporated herein by reference to Exhibits 1 and 4, respectively, to the Registrant's Form 8-K dated June 7, 1995).
4.7	Distribution Agreement dated July 13, 1995 and Forms of Fixed Rate and Floating Rate Notes (incorporated herein by reference to Exhibits 1, 4.1 and 4.2, respectively, to the Registrant's Form 8-K dated July 13, 1995).
5	*
8	*
9	*
10.1	Employment Agreement with Roger N. Farah dated as of April 12, 2000.
10.2	Amended Employment Agreement with Matthew D. Serra dated as of February 9, 2000.
11	*
12	Computation of Ratio of Earnings to Fixed Charges.
13	*
15	Letter re: Unaudited Interim Financial Statements.

Exhibit No. in Item 601
of Regulation S-K

Description

-----	-----
16	*
17	*
18	*
19	*
20	*
21	*
22	*
23	*
24	*
25	*
26	*
27.1	Financial Data Schedule - April 29, 2000 (which is submitted electronically to the SEC for information only and not filed).
27.2	Restated Financial Data Schedule - May 1, 1999 (which is submitted electronically to the SEC for information only and not filed).
99	Independent Accountants' Review Report.

* Not applicable

Exhibits filed with this Form 10-Q:

Exhibit No. -----	Description -----
10.1	Employment Agreement with Roger N. Farah dated as of April 12, 2000.
10.2	Amended Employment Agreement with Matthew D. Serra dated as of February 9, 2000.
12	Computation of Ratio of Earnings to Fixed Charges.
15	Letter re: Unaudited Interim Financial Statements.
27.1	Financial Data Schedule - April 29, 2000.
27.2	Restated Financial Data Schedule - May 1, 1999.
99	Independent Accountants' Review Report.

April 12, 2000

Mr. Roger N. Farah
Venator Group, Inc.
112 West 34 Street
New York, New York 10120

Dear Roger:

You serve as Chairman of the Board of Venator Group, Inc. (the "COMPANY") pursuant to the provisions of an Employment Agreement between you and the Company dated as of August 16, 1999 (the "EMPLOYMENT AGREEMENT") and as a member of the Board of Directors. You have submitted your resignation as Chairman of the Board and as a director, effective April 12, 2000, and the Board of Directors has accepted your resignation. This letter sets forth the agreement between you and the Company with regard to certain matters related to the termination of your employment. Capitalized terms used herein that are not otherwise defined herein shall have the meaning provided for in the Employment Agreement.

1. EMPLOYMENT. Your employment as Chairman of the Board of the Company shall end as of April 12, 2000 (the "TERMINATION DATE").

2. COMPENSATION AND BENEFITS.

(a) BASE SALARY. The Company shall pay you your Base Salary through the Termination Date.

(b) BONUS PLANS. You shall be entitled to receive a payment under the Annual Plan for 2000 and under the Long-Term Plan for the 1999-2000 performance period, prorated as of the Termination Date, in accordance with the terms of your participation in such plans, if and when payments are made under such plans for such periods to other executives of the Company participating therein. You shall not be entitled to payments under the Annual Plan or the Long-Term Plan for any other periods.

(c) STOCK OPTIONS. The vesting of that portion of the stock option grant made to you on February 10, 1999 (the "FEBRUARY OPTION GRANT") that vests on February 10, 2001 shall be accelerated to the Termination Date. The vesting of the portions of the stock option grant made to you on April 14, 1999 (the "APRIL OPTION GRANT") that vest on April 14, 2000 and on April 14, 2001 shall be accelerated to the Termination Date. You shall have until April 11, 2002 to exercise those portions of the February Option Grant and the April Option Grant that are vested on the Termination Date, whereupon, if unexercised, such stock options shall expire. The balance of the February Option Grant and the April Option Grant are hereby cancelled. You shall have until July 11, 2000 to exercise the stock options granted to you on December 11, 1994, whereupon, if unexercised, such stock options shall expire.

(d) RESTRICTED STOCK. The portion of the grant of restricted stock made to you pursuant to the terms of the Restricted Stock Agreement dated April 26, 1999 that vest on January 31, 2001 shall vest on the Termination Date, and the balance of such restricted stock grant is hereby forfeited.

(e) PENSION. You have been a participant in the Venator Group Retirement Plan and the Venator Group Excess Cash Balance Plan, and you shall be eligible to receive benefits under those plans in accordance with their terms. You shall not be entitled to receive any payment or other benefit under the Supplemental Executive Retirement Plan.

3. CONFIDENTIAL INFORMATION; NON-DISPARAGEMENT; NON-COMPETITION. After the Termination Date, you shall continue to be bound by the provisions of Section 10 of the Employment Agreement in accordance with the terms thereof. The two-year period referred to in sub-sections (b) and (c) of such Section 10 shall be the period from the Termination Date to and including April 11, 2002.

4. INDEMNIFICATION. The provisions of Section 11 of the Employment Agreement shall continue to be binding upon the Company for the period following the Termination Date in accordance with the terms thereof.

5. RELEASE. In consideration of all of the foregoing, you, for yourself and for your heirs, executors, administrators, successors, and assigns, hereby agree to release and forever discharge the Company and its subsidiaries and affiliates, and their respective officers and directors, from any and all actions, causes of action, claims, demands, and liabilities of whatsoever nature arising out of, or in connection with, your employment with the Company and any of its subsidiaries and affiliates, or otherwise, whether arising before or after the date hereof. The foregoing shall include, but not be limited to, any claim of employment discrimination under the Age Discrimination in Employment Act of 1967, the New York State Human Rights Law, or any other federal or state labor relation law, equal employment opportunity law, or civil rights law, regulation or order. Federal law requires that we advise you to consult with an attorney of your choice (at your own cost). In addition, federal law also provides that you have 21 days from the date of this letter to consider your decision to agree to the terms of this agreement, including any release of the Company and its subsidiaries from liability as provided in this paragraph. Furthermore, you have the right to change your mind at any time within one week after signing. In addition, you hereby acknowledge that you have been given full opportunity to review this letter, including sufficient opportunity for appropriate review with any advisors selected by you. The foregoing shall not constitute a release of any and all claims you may have against the Company for breach of any of the provisions of this letter agreement.

You understand and agree that the payments and benefits provided for in this agreement shall be in lieu of any and all amounts that would be payable to you, and that no other amounts will be paid to you for any reason whatsoever.

6. NOTICE. Any notice to the Company under the Employment Agreement or hereunder shall be addressed to: Venator Group, Inc., 112 West 34 Street, New York, New York 10120, Attention: General Counsel. Any notice to you under the Employment Agreement or hereunder shall be addressed to your home address as shown in the records of the Company. Either party may change the address to which such notices are to be sent by written notice of such new address given to the other party hereto.

7. TERMINATION OF EMPLOYMENT AGREEMENT. The Employment Agreement is hereby terminated as of the Termination Date; provided, however, that those provisions of the Employment Agreement that survive termination, whether pursuant to their terms or pursuant to the provisions hereof, shall continue in effect.

8. MISCELLANEOUS. This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts to be performed therein. This agreement, along with those provisions of the Employment Agreement that survive its termination, whether pursuant to their terms or pursuant to the provisions hereof, represents the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes any prior agreements or understandings between the parties. The terms and provisions of this letter agreement may not be modified or amended except in a writing signed by both parties.

We would appreciate it if you would indicate your agreement to the provisions of this letter by signing and returning the copy of this letter enclosed for that purpose, whereupon this letter shall become a binding agreement between us.

Yours truly,
VENATOR GROUP, INC.
By: /s/ Dennis M. Lee

Dennis M. Lee
Sr. Vice President - Human Resources

ACCEPTED AND AGREED:

/s/ Roger N. Farah
Roger N. Farah

Date: April 12, 2000

/s/ Patricia A. Peck
(Witness)

AMENDING AGREEMENT

THIS AMENDING AGREEMENT made February 9, 2000, between VENATOR GROUP, INC., a New York corporation having its principal office at 233 Broadway, New York, New York 10279 (the "Company") and Matthew D. Serra, residing at 8 Glenby Lane, Brookville, New York 11545 (the "Executive").

WHEREAS, the Company and the Executive are parties to an Employment Agreement dated September 8, 1998, a copy of which is annexed hereto as Attachment A (the "Employment Agreement"); and

WHEREAS, the Company and the Executive are parties to a Restricted Stock Award Agreement dated September 21, 1998, a copy of which is annexed hereto as Attachment B (the "1998 Restricted Stock Agreement") and a Restricted Stock Award Agreement dated November 10, 1999, a copy of which is annexed hereto as Attachment C (the "1999 Restricted Stock Agreement");

WHEREAS, the Company desires Executive to serve as its Chief Operating Officer and Executive is willing to serve in such capacity; and

WHEREAS, in connection with this change in the title and responsibilities of the Executive, the Company and Executive desire to amend the Employment Agreement, the 1998 Restricted Stock Agreement, and the 1999 Restricted Stock Agreement, as hereinafter provided;

NOW, THEREFORE, in consideration of these premises and of the mutual covenants and agreements herein contained, the Company and the Executive hereby agree as follows:

1. Amendment of Employment Agreement. The Employment Agreement is hereby amended, effective the date hereof, as follows:

(a) Section 1 of the Employment Agreement is amended to read in its entirety as follows:

"Employment and Term. The Company hereby agrees to employ Executive, and Executive hereby agrees to serve, as its Chief Operating Officer, subject to the terms and conditions set forth herein, for a period commencing February 9, 2000 (the "Renewal Date") and ending February 2, 2002 (the "Employment Period"), unless otherwise provided herein."

(b) Section 2 of the Employment Agreement is amended to read in its entirety as follows:

"Executive shall serve as the Chief Operating Officer of the Company and shall report directly to the Chief Executive Officer of the Company. Executive shall have such responsibilities, duties, and authority as are appropriate to such position, and as may be assigned to him from time to time by the Chief Executive Officer of the Company. Executive shall devote substantially all of his working time and efforts to the business and affairs of the Company and its respective subsidiaries and affiliates."

(c) The first sentence of Section 3 of the Employment Agreement is amended to read in its entirety as follows:

"In connection with his employment by the Company, Executive shall be based at the principal executive offices of the Company in the New York metropolitan area, or such other place in the United States to which the Company may hereafter relocate its principal executive offices, it being understood by the parties that the Company is in the process of relocating its principal executive offices and that, until such relocation is completed, Executive shall remain based in the executive offices of the Foot Locker Worldwide division of the Company."

(d) Section 4(a) of the Employment Agreement is amended to read in its entirety as follows:

"During the period from the Renewal Date to January 31, 2001, the Company shall pay Executive a base salary at the rate of \$850,000 per year, and during the period from February 1, 2001 to February 2, 2002, the Company shall pay Executive a base salary at the rate of \$900,000 per year, to be paid in substantially equal monthly installments in accordance with the normal payroll practices of the Company (the "Base Salary")."

(e) The third sentence of Section 4(b) of the Employment Agreement is amended to read in its entirety as follows:

"During each year of the Employment Period, the annual bonus payable to Executive at target shall be 75 percent of Executive's then-current Base Salary."

(f) The third, fourth, and fifth sentences of Section 4(f) of the Employment Agreement ("Executive will not be eligible . . . shall be deemed to have been October 1, 1998") are deleted and the following is added in their place:

"Effective on the Renewal Date, Executive shall be granted stock options under, and pursuant to the provisions of, the 1995 Stock Option and Award Plan or the 1998 Plan (the applicable plan being hereinafter referred to as the "Option Plan") to purchase 250,000 shares of Common Stock of the Company at fair market value on the date of grant, as defined in the Option Plan. Such stock option shall vest on February 1, 2002, and shall be subject to the provisions of the Option Plan and the Stock Option Award Certificate. Executive shall not be eligible to receive additional stock option grants during the Employment Period."

(g) The following is added to Section 4(g) of the Employment Agreement:

"Within 30 days of the Renewal Date, Executive shall be granted 100,000 shares of restricted stock under, and pursuant to the provisions of, the Option Plan and the terms of a Restricted Stock Agreement essentially in the form of Attachment D hereto."

(h) Section 4(j), reading as follows, is added to the Employment Agreement:

(j) In the event the Company does not offer to renew the employment of the Executive beyond February 2, 2002, for reasons other than Cause, upon essentially the same terms and conditions provided for herein (other than the compensation provided for in Sections 4(f), 4(g), 4(h), 4(i), and 4(j), and the provisions of Section 9), then the Company shall pay Executive, within 30 days of the date on which his employment with the Company terminates, the amount of \$900,000."

(i) Clauses (A) and (B) in clause (i) of the definition of "Competition" contained in the fourth sentence of Section 8(b) of the Employment Agreement are amended to read as follows:

". . . (A) a business in competition with the retail, catalog, or on-line sale of athletic footwear, athletic apparel, and sporting goods conducted by the Company or any of its subsidiaries or affiliates (the "Athletic Business") or (B) a business that in the prior fiscal year supplied product to the Company or any of its subsidiaries or affiliates for the Athletic Business having a value of \$20 million or more at cost to the Company or any of its subsidiaries or affiliates; . . ."

2. Amendment of Restricted Stock Agreements.

(a) Section 3.3 of the 1998 Restricted Stock Agreement is hereby amended, effective on the date hereof, to read in its entirety as follows:

"Vesting. The Restricted Stock shall become vested and shall cease to be Restricted Stock (but still subject to the other terms of the Plan and this Agreement) as follows if the Executive has been continuously employed by the Company or its subsidiaries within the meaning of Section 424 of the Internal Revenue Code of 1986, as amended (the "Control Group") until such date:

On the first anniversary of the Commencement Date	12,000 shares
On the second anniversary of the Commencement Date	12,000 shares
On the third anniversary of the Commencement Date	12,000 shares
On February 1, 2002	24,000 shares

"There shall be no proportional or partial vesting in the period prior to each vesting date and all vesting shall occur only on the appropriate vesting date, provided that, if the Executive is terminated without cause or terminated for Good Reason, both as provided in Executive's Employment Agreement with the Company dated September 8, 1998, as amended, the unvested portion of the Executive's Restricted Stock will become vested as of the last date of his employment.

"When any Restricted Stock becomes vested, the Company shall promptly issue and deliver to the Executive a new stock certificate registered in the name of the Executive for such shares without the legend set forth in Section 4 hereof and deliver to the Executive any related other RS Property.

"In addition, all shares of Restricted Stock shall become immediately vested and cease to be Restricted Stock upon any Change in Control as defined in Appendix A hereto."

(b) The 1999 Restricted Stock Agreement is hereby amended, effective on the date hereof, as follows:

(i) Section 3.3(a) of the 1999 Restricted Stock Agreement is amended to read in its entirety as follows:

"The Restricted Stock shall become 100 percent vested and cease to be Restricted Stock (but still subject to the terms of the Plan and this Agreement) on February 1, 2002 if the Executive has been continuously employed by the Company or its subsidiaries within the meaning of Section 424 of the Internal Revenue Code of 1986, as amended (the "Control Group") until such date. There shall be no proportional or partial vesting in the period prior to the vesting date and all vesting shall occur on the vesting date."

(ii) The first paragraph of Section 3.3(b) of the 1999 Restricted Stock Agreement is deleted.

3. Confirmation of Prior Agreements. Except as amended hereby, in all other respects the terms and provisions of the Employment Agreement, the 1998 Restricted Stock Agreement, and the 1999 Restricted Stock Agreement are hereby ratified and confirmed.

4. Miscellaneous. This Amending Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, and permitted assigns. This Amending Agreement, along with the Employment Agreement, the 1998 Restricted Stock Agreement, and the 1999 Restricted Stock Agreement, as amended hereby, represent the entire understanding of the parties hereto with regard to the subject matter hereof, and the terms and provisions of this agreement may not be modified or amended except in a writing signed by both parties. This Amending Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to contracts between residents of such state to be performed therein. Any controversy or claim arising out of or relating to this Amending Agreement or the breach thereof shall be settled in accordance with the provisions of Section 11 of the Employment Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amending Agreement as of the day and year first above written.

VENATOR GROUP, INC.
By: /s/ Dennis M. Lee

Dennis M. Lee
Sr. Vice President

/s/ Matthew D. Serra

Matthew D. Serra

EMPLOYMENT AGREEMENT

THIS AGREEMENT made September 8, 1998, between VENATOR GROUP, INC., a New York corporation with its principal office at 233 Broadway, New York, New York 10279 (the "Company") and Matthew D. Serra, residing at 8 Glenby Lane, Brookville, New York 11545 (the "Executive").

WHEREAS, the Company desires to employ Executive as the President and Chief Executive Officer of its Foot Locker Worldwide division and Executive is willing to serve in such capacity; and

WHEREAS, the Company and Executive desire to set forth the terms and conditions of such employment;

NOW, THEREFORE, in consideration of these premises and of the mutual covenants and agreements herein contained, the Company and Executive hereby agree as follows:

1. Employment and Term. (a) The Company hereby agrees to employ Executive, and Executive hereby agrees to serve, as the President and Chief Executive Officer of its Foot Locker Worldwide division, subject to the terms and conditions set forth herein, for a period commencing October 1, 1998 (the "Commencement Date") and ending on September 30, 2001 (the "Employment Period"), unless otherwise provided herein.

(b) The Company will notify Executive no later than September 30, 2000 whether it is prepared to extend the Employment Period, and, if so, on what terms and conditions.

2. Position and Duties. Executive shall serve as President and Chief Executive Officer of the Foot Locker Worldwide division and shall report directly to the Chairman of the Board and Chief Executive Officer of the Company. Executive shall have such responsibilities, duties and authority as are appropriate to such position, and as may be assigned to him from time to time by the Chairman of the Board and Chief Executive Officer of the Company. Executive shall devote substantially all of his working time and efforts to the business and affairs of the Company and its respective subsidiaries and affiliates.
3. Place of Performance. In connection with his employment by the Company, Executive shall be based at the principal executive offices of the Foot Locker Worldwide division of the Company in the New York metropolitan area, or such other place in the United States to which the Company may hereafter relocate its principal executive offices. In the event of such relocation outside of the New York metropolitan area, the Company will pay the reasonable costs of the relocation of the principal residence of Executive, and provide such other relocation assistance as the Company then provides to its comparably situated senior executive employees.
4. Compensation. As full compensation for the services of Executive hereunder, and subject to all of the provisions hereof:
 - (a) During the Employment Period, the Company shall pay Executive a base salary at the rate of \$800,000 per year, to be paid in substantially equal monthly installments, in accordance with the normal payroll practices of the Company (the "Base Salary"). Executive's rate of Base Salary shall be reviewed annually during the Employment Period (with the first such review occurring no earlier than in connection with salary increases effective May 1, 2000) in accordance with the Company's normal salary review practices for its senior executives, and in no

event shall the Base Salary be less than \$800,000 per year.

- (b) During the Employment Period, Executive shall be entitled to participate in all bonus, incentive, and equity plans that are maintained by the Company from time to time during the Employment Period for its comparably situated senior executive employees in accordance with the terms of such plans at the time of participation. The Company may, during the Employment Period, amend or terminate any such plan, to the extent permitted by the respective plan, if such termination or amendment occurs pursuant to a program applicable to all comparably situated executives of the Company and does not result in a proportionally greater reduction in the rights or benefits of Executive as compared with any other comparably situated executives of the Company. During each year of the Employment Period, the annual bonus payable to Executive at target shall be 50 percent of Executive's then-current Base Salary; provided, however, that (i) for the first full fiscal year of the Company included in the Employment Period, the bonus payable to Executive under the annual bonus plan shall not be less than \$400,000, and (ii) for the last fiscal year included in the Employment Period, the annual bonus shall be prorated if the Employment Period is not extended. Notwithstanding the foregoing to the contrary, if Executive is legally prohibited from accepting employment with the Company until after January 31, 1999, Executive's annual bonus for the period beginning with the Commencement Date through and including the last day of the fiscal year during which he commences employment shall be \$33,300 times the number of months between the Commencement Date and the last day of such fiscal year, and the annual bonus for the balance of the Employment Period shall be in accordance with the above formula, prorated for any partial fiscal year. Executive shall participate, on a pro rata basis, in any performance periods in the Company's Long Term Incentive Compensation Plan that are open on the Commencement Date.
- (c) During the Employment Period, Executive shall be eligible to participate in all

pension, welfare, and fringe benefit plans, as well as perquisites, maintained by the Company from time to time for its comparably situated senior executive employees in accordance with their respective terms as in effect from time to time. These shall include (i) Company-paid life insurance in the amount of Executive's annual Base Salary, (ii) long-term disability insurance coverage of \$25,000 per month; (iii) annual out-of-pocket medical expense reimbursement of up to \$5,000 per year; (iv) reimbursement of financial planning expense of up to \$5,000 per year; (v) participation in the Supplemental Executive Retirement Plan (prorated for any partial plan year included in the Employment Period); and (vi) eligibility to participate in the Deferred Compensation Plan. Executive shall, upon the commencement of his employment with the Company, be treated as if he has been credited with five years of service credit under the provisions of the Venator Group Retirement Plan, and Executive acknowledges that any increased amount of pension payable to him as a result of such credit may be payable from the Venator Group Excess Cash Balance Plan or a similar non-qualified plan of the Company.

- (d) During the Employment Period, Executive shall be entitled to receive reimbursement for all reasonable and customary expenses incurred by him in performing services hereunder, including all travel and living expenses while away from home on business at the request of the Company, provided such expenses are incurred and accounted for in accordance with the Company's applicable policies and procedures.
- (e) Executive shall be entitled to 20 vacation days in each calendar year. Unused vacation shall be forfeited.
- (f) On the Commencement Date, Executive will be granted stock options under, and pursuant to the provisions of, the 1998 Stock Option and Award Plan (the "1998 Plan") to purchase 250,000 shares of Common Stock of the Company at fair market value on the date of grant, as defined in the 1998 Plan. Subject to the

provisions of the 1998 Plan and the Stock Option Award Certificate and except as otherwise provided herein, such stock option shall vest in three equal annual installments on the first, second, and third anniversaries of the date of grant. Executive will not be eligible to receive additional stock option grants during the Employment Period. In the event the Company does not offer to renew the employment of Executive for at least a two year period beyond September 30, 2001, for reasons other than Cause, upon essentially the same terms and conditions as provided for herein (other than with respect to the compensation provided for in Sections 4(f), 4(g), 4(h), and 4(i), and the provisions of Section 9) then any unvested portion of such stock options shall vest on September 30, 2001. Subject to the approval of the Compensation Committee of the Company's Board of Directors and to the extent permissible under the terms of the 1998 Plan, in the event Executive is prohibited in any legal proceeding from commencing his employment with the Company on or before October 1, 1998, then, for the purposes of determining the vesting schedule for options that are exercisable after the Commencement Date, the date of grant of the options shall be deemed to have been October 1, 1998. Subject to the approval of the Compensation Committee of the Company's Board of Directors and to the extent permissible under the terms of the 1998 Plan, all options shall become immediately exercisable upon any Change in Control.

- (g) On the Commencement Date, Executive will be granted 60,000 shares of restricted stock under, and pursuant to the provisions of, the 1998 Plan and the terms of a Restricted Stock Agreement essentially in the form of Attachment A hereto.
- (h) As a bonus in connection with the execution of this agreement, the Company shall pay Executive, subject to withholding, \$1,000,000 plus the amount, if any, specified in Section 9(b) hereof. Such amount shall be paid within five business days after the Commencement Date.

- (i) The Company shall reimburse Executive for the monthly lease cost of the vehicle presently leased by Executive, through the termination date of such lease or the end of the Employment Period, whichever first occurs, in an amount not to exceed \$975 per month.

5. Termination.

- (a) The Employment Period shall terminate upon the earliest of the following:
 - (i) the death of Executive;
 - (ii) if, as a result of the incapacity of Executive due to physical or mental illness, Executive shall have been absent from his duties hereunder on a full time basis for 180 days, and within 30 days after written notice of termination is given (which may occur before or after the end of such 180 day period) he shall not have returned to the performance of his duties hereunder on a full time basis; or
 - (iii) if the Company terminates the employment of Executive hereunder for Cause. For purposes of this agreement, the Company shall have "Cause" to terminate the employment of Executive hereunder upon (A) his willful and continued failure to substantially perform his duties hereunder (other than any such failure resulting from his incapacity due to physical or mental illness) (B) his willful engagement in misconduct that is materially injurious to the Company, monetarily or otherwise or (C) his failure to commence the performance of his duties hereunder on the Commencement Date.
- (b) If the Company shall terminate the employment of Executive pursuant to the provisions of paragraph (a) above, it shall have no further liability or obligation hereunder except (i) to pay promptly to Executive his then-current Base Salary

through the effective date of such termination, and (ii) Executive shall receive benefits, if any, and have the rights afforded by the Company, under its then-existing policies, to employees whose employment is terminated for death, disability, or cause, as the case may be, or under the specific terms of any welfare, fringe benefit, or incentive plan.

- (c) If the employment of Executive is terminated for any other reason during the Employment Period, or if the Company breaches any material provision of this agreement, which breach is not corrected within 30 days following written notice to the Company, the Company shall make the following payments to Executive: Until the earliest of (i) the end of the Employment Period (ii) his death, or (iii) his breach of the provisions of Section 8 hereof, (A) the Company shall make payments to Executive, no less frequently than monthly, calculated at his then-applicable annual rate of Base Salary; (B) the Company shall pay to Executive (at the same time as other annual bonuses are paid), with respect to the fiscal year in which such termination occurs, the annual bonus that Executive would otherwise have earned under the annual bonus plan applicable to Executive if such termination had not occurred, prorated as of the date of the termination of Executive's employment; (C) with respect to the performance period under the Long-Term Incentive Compensation Plan that ends on the last day of the fiscal year in which the employment of Executive is terminated, the Company shall pay to Executive the payment under the Long-Term Incentive Compensation Plan that Executive would otherwise have earned with respect to such performance period if such termination had not occurred, prorated as of the date of the termination of Executive's employment, payment of such amount to be made at the same time and in the same manner as other awards are paid for such period; and (D) the Company shall provide Executive for a period of one year following such termination of employment, at no cost to Executive, with out-placement at a level commensurate with that provided by the Company to other comparably situated executives. Executive

shall not be required to mitigate the amount of any payment provided for in the preceding sentence by seeking other employment, nor shall any amounts to be received by Executive hereunder be reduced by any other compensation earned.

- (d) Notwithstanding anything herein to the contrary, in the event that within one year following a "Change in Control" of the Company, (including one which occurs prior to Executive's Commencement Date, if such Commencement Date occurs after October 1, 1998) or if such Change in Control occurs prior to Executive's Commencement Date, within one year after Executive's Commencement Date, whichever period runs later (i) the employment of Executive is terminated for any reason not specified in paragraph (a) hereof or (ii) Executive terminates his employment with the Company for "Good Reason", the amount payable to Executive under paragraph (c) (A) through (D) above shall be not less than 1.5 times the sum of his Base Salary and annual bonus at target, such amount to be paid in a lump sum within 10 days following such termination of the employment of Executive, and all of the restricted stock granted to Executive pursuant to Section 4(g) and all of the stock options granted to Executive pursuant to Section 4(f) shall immediately become fully vested. For purposes of this paragraph, (i) "Change in Control" shall have the meaning specified in Attachment B hereto and (ii) "Good Reason" shall mean (A) any material demotion of Executive or any material reduction in Executive's authority or responsibility, except in each case in connection with the termination of Executive's employment for Cause or disability or as a result of Executive's death, or temporarily as a result of Executive's illness or other absence; (B) any reduction in Executive's rate of Base Salary as payable from time to time; (C) a reduction in Executive's annual bonus classification level other than in connection with a redesign of the applicable bonus plan that affects all employees at Executive's bonus level; (D) a failure of the Company to continue in effect the benefits applicable to, or the Company's reduction of the benefits applicable to, Executive under any benefit plan or arrangement

(including without limitation, any pension, life insurance, health or disability plan) in which Executive participates as of the date of the Change in Control without implementation of a substitute plan(s) providing materially similar benefits in the aggregate to those discontinued or reduced, except for a discontinuance of, or reduction under, any such plan or arrangement that is legally required or generally applies to all executives of the Company of a similar level, provided that in either such event the Company provides similar benefits (or the economic effect thereof) to Executive in any manner determined by the Company; or (E) failure of any successor to the Company to assume in writing the obligations hereunder, or (F) a breach of any other material provision of this Employment Agreement, which breach is not corrected within 30 days following written notice to the Company.

6. Gross-up. (a) In the event that Executive shall become entitled to the payments and/or benefits provided by Section 5 or any other amounts (whether pursuant to the terms of this Employment Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a change of ownership covered by Code Section 280G(b)(2) or any person affiliated with the Company or such person) as a result of a Change in Control as defined in Attachment B (collectively the "Company Payments"), and such Company Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (and any similar tax that may hereafter be imposed), subject to paragraph (f) below, the Company shall pay to Executive at the time specified in paragraph (d) below an additional amount (the "Gross-up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on the Company Payments and any federal, state and local income tax and Excise Tax upon the Gross-up Payment provided for by this paragraph (a), but before deduction for any federal, state or local income tax on the Company Payments, shall be equal to the Company Payments.

- (b) For purposes of determining whether any of the Company Payments and Gross-up Payments (collectively the "Total Payments") will be subject to the Excise Tax and the amount of such Excise Tax, (a) the Total Payments shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Code Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless and except to the extent that, in the opinion of the Company's independent certified public accountants appointed prior to any change in ownership (as defined under Code Section 280G(b)(2)) or tax counsel selected by such accountants (the "Accountants") such Total Payments (in whole or in part) either do not constitute "parachute payments," represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(2) of the Code in excess of the "base amount" or are otherwise not subject to the Excise Tax, and (b) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accountants in accordance with the principles of Section 280 of the Code.
- (c) For purposes of determining the amount of the Gross-up Payment, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence for the calendar year in which the Company Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes if paid in such year. In the event that the Excise tax is subsequently determined by the Accountants to be less than the amount taken into account hereunder at the time the Gross-up payment is made, Executive shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the prior Gross-up Payment attributable to such reduction (plus the portion of the Gross-up Payment

attributable to the Excise tax and federal and state and local income tax imposed on the portion of the Gross-up Payment being repaid by Executive if such repayment results in a reduction in Excise Tax or a federal and state and local income tax deduction), plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. Notwithstanding the foregoing, in the event any portion of the Gross-up Payment to be refunded to the Company has been paid to any federal, state or local tax authority, repayment thereof (and related amounts) shall not be required until actual refund or credit of such portion has been made to Executive, and interest payable to the Company shall not be required until actual refund or credit of such portion has been made to Executive, and interest payable to the Company shall not exceed the interest received or credited to Executive by such tax authority for the period it held such portion. Executive and the Company shall mutually agree upon the course of action to be pursued (and the method of allocating the expense thereof) if Executive's claim for refund or credit is denied.

In the event that the Excise Tax is later determined by the Accountants or the Internal Revenue Service to exceed the amount taken into account hereunder at the time the Gross-up Payment is made (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-up Payment), the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest or penalties payable with respect to such excess) at the time that the amount of such excess is finally determined.

- (d) The Gross-up Payment or portion thereof provided for in paragraph (c) above shall be paid not later than the thirtieth day following an event occurring which subjects Executive to the Excise Tax; provided, however, that if the amount of such Gross-up Payment or portion thereof cannot be finally determined on or before such day, the Company shall pay to Executive on such day an estimate,

as determined in good faith by the Accountants, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Code Section 1274(b)(2)(B) of the Code), subject to further payments pursuant to paragraph (c) hereof, as soon as the amount thereof can reasonably be determined, but in no event later than the ninetieth day after the occurrence of the event subjecting Executive to the Excise Tax. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to Executive, payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

- (e) The Company shall be responsible for all charges of the Accountants.
- 7. Indemnification and Legal Fees. The Company shall defend, indemnify, and hold Executive harmless of or from any and all claims asserted against Executive arising out of his entering into this agreement or the performance of his duties hereunder, in accordance with the indemnification provisions of the Certificate of Incorporation and By-laws of the Company applicable to its officers, as if Executive were an officer of the Company. Executive shall promptly notify the Company of any claim giving rise to indemnification and shall cooperate fully with the Company in the defense of the claim. The Company shall have the right to retain counsel of its choice to defend the claim and to enter into any good faith settlement or compromise of the claim. The Company shall reimburse Executive for reasonable legal costs and expenses incurred by him if it is necessary for Executive to retain separate counsel. The Company shall reimburse Executive the reasonable legal fees (based on hourly rates and disbursements) incurred by him in connection with negotiating and preparing this employment agreement, provided that in no event shall such reimbursement exceed \$15,000.

8. Confidential Information and Non-Competition.

- (a) Executive agrees that during the Employment Period and thereafter he shall not disclose, at any time, to any person, or use for his own account, nonpublic information of any kind concerning the Company or any of its subsidiaries or affiliates, including, but not limited to, nonpublic information concerning finances, financial plans, accounting methods, strategic plans, operations, personnel, organizational structure, methods of distribution, suppliers, customers, client relationships, marketing strategies, store lists, real estate strategies, or the like ("Confidential Information"). During such period, Executive shall not, without the prior written consent of the Company, unless compelled pursuant to the order of a court or other body having jurisdiction over such matter and unless required by lawful process or subpoena, communicate or divulge any Confidential Information to anyone other than the Company and those designated by the Company. Executive agrees that during the Employment Period he will not breach his obligations to comply with the provisions of the Code of Corporate Conduct of the Company, as in effect on the date hereof and as may be amended from time to time.
- (b) Executive recognizes that Confidential Information has been developed by the Company and its affiliates at substantial cost and constitute valuable and unique property of the Company. Executive acknowledges that the foregoing makes it reasonably necessary for the protection of the Company's interests that Executive not compete with the Company or its affiliates during the Employment Period and for a reasonable and limited period thereafter. Therefore, Executive agrees that during the term of this agreement and for a period of two years thereafter, Executive shall not engage in Competition. As used herein, "Competition" shall mean (i) participating, directly or indirectly, as an individual proprietor, stockholder, officer, employee, director, joint venturer, investor, lender, consultant,

or in any capacity whatsoever (within the United States of America, or in any country where the Company or any of its subsidiaries or affiliates does business) in (A) a business in competition with any business conducted by the Company or any of its subsidiaries or affiliates for which Executive worked at any time, or (B) a business that supplies merchandise for sale at retail by the Company having a value of \$20 million or more at cost annually to the Company or any of its subsidiaries or affiliates; provided, however, that (X) such participation shall not include the mere ownership of not more than 1 percent of the total outstanding stock of a publicly traded company and (Y) a department store or general or merchandise store shall not be a business in competition with any business conducted by the Company; or (ii) the intentional recruiting, soliciting or inducing of any employee or employees of the Company or any of its subsidiaries or affiliates to terminate their employment with, or otherwise cease their relationship with, the Company or any of its subsidiaries or affiliates where such employee or employees do in fact so terminate their employment.

- (c) Executive agrees (i) that his services are special and extraordinary, (ii) that a violation of his commitment not to disclose Confidential Information or otherwise to engage in acts of Competition would immediately and irreparably harm the Company, and (iii) that such harm would be incapable of adequate remediation by money damages. Accordingly, Executive agrees that this paragraph 8 may be enforced by injunction, and that he will interpose no objection or defense to such enforcement. Enforcement by injunction shall not bar the Company from any other legal or equitable remedies to which it may be entitled for such violation. If any restriction set forth with regard to Competition is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it is the intention of the parties that the court should interpret and enforce such restriction to its fullest lawful extent.

9. Other Agreements. (a) Executive represents to the Company that (i) he has fully disclosed to the Company all prior employment agreements or understandings to which he is a party; (ii) he will satisfy all financial obligations under all prior employment agreements or understandings to which he is a party or by which he is bound; and (iii) he will not disclose to the Company or use for its benefit any trade secrets or proprietary information of any prior employer. Executive has advised that he desires and intends to terminate his current employment prior to October 1, 1998.
- (b) In the event Executive is legally prohibited from accepting employment with the Company on October 1, 1998, then (i) Executive shall so notify the Company and the Commencement Date, as specified in Section 1(a), shall be the fifth business day following the date Executive is no longer so legally prohibited; (ii) the Company shall pay Executive, as an additional bonus in connection with the execution of this agreement, \$100,000 multiplied by the number of full months between October 1, 1998 and the Commencement Date, less any amount Executive receives from his prior employer as compensation related to such months (including salary, the prorated portion of any annual or long-term bonus payment, and any severance payment); and (iii) this agreement shall be automatically, and without further action by either party, amended to provide that the position for which Executive is being employed is President and Chief Executive Officer of the Foot Locker Worldwide division of the Company, or such other comparable position as the Company may specify.
10. Assignment. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, and permitted assigns. This agreement is personal to Executive and neither this agreement or any rights hereunder may be assigned by him. No rights or obligations of the Company under this agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred pursuant to a merger or

consolidation in which the Company is not the continuing entity, or pursuant to a sale of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this agreement, either contractually or as a matter of law.

11. Arbitration. Any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled by arbitration in the City of New York, in accordance with the rules of the American Arbitration Association (the "AAA"); provided, however, that this Section shall not apply to Section 8 herein. The decision of the arbitrator(s) shall be final and binding on the parties hereto and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The costs assessed by the AAA for arbitration shall be borne equally by both parties.
12. Notice. Any notice to either party hereunder shall be in writing, and shall be deemed to be sufficiently given to or served on such party, for all purposes, if the same shall be personally delivered to such party, or sent to such party by registered mail, postage prepaid, in the case of Executive, at the address first given above, and in the case of the Company, to the General Counsel, Venator Group, Inc., 233 Broadway, New York, New York 10279. Either party hereto may change the address to which notices are to be sent to such party hereunder by written notice of such new address given to the other party hereto. Notices shall be deemed given when received if delivered personally or three (3) days after mailing if mailed as aforesaid.
13. Applicable Law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to contracts between residents of such state to be performed therein.

14. Miscellaneous.

- (a) This agreement represents the entire understanding of the parties hereto, supersedes any prior understandings or agreements between the parties, and the terms and provisions of this agreement may not be modified or amended except in a writing signed by both parties.
- (b) No waiver by either party of any breach by the other party of any condition or provision contained in this agreement to be fulfilled or performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Except to the extent otherwise specifically provided herein, any waiver must be in writing and signed by you or an authorized officer of the Company, as the case may be.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Employment Agreement as of the day and year first above written.

VENATOR GROUP, INC.

By: /s/ Roger N. Farah

/s/ Matthew D. Serra

Matthew D. Serra

Attachment B

Change in Control

A Change in Control shall mean any of the following: (i) (A) the making of a tender or exchange offer by any person or entity or group of associated persons or entities (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a "Person") (other than the Company or its Affiliates) for shares of common stock pursuant to which purchases are made of securities representing at least twenty percent (20%) of the total combined voting power of the Company's then issued and outstanding voting securities; (B) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any Person other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (b) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), of securities representing more than the amounts set forth in (C) below; (C) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), in the aggregate, of securities of the Company representing twenty percent (20%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any Person acting in concert as of the date of this Agreement; provided, however, that the Board may at any time and from time to time and in the sole discretion of the Board, as the case may be, increase the voting security ownership percentage threshold of this item (C) to an amount not exceeding forty percent (40%); or (D) the approval by the shareholders of the Company of any plan or proposal for the complete liquidation or dissolution of the Company or for the sale of all or substantially all of the assets of the Company; or (ii) during any period of not more than two (2) consecutive years,

individuals who at the beginning of such period constitute the Board, any new director (other than a director designated by a person who has entered into agreement with the Company to effect a transaction described in clause (i)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

ATTACHMENT B

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE VENATOR GROUP
1998 STOCK OPTION AND AWARD PLAN

This Restricted Stock Award Agreement (the "Agreement") made under the Venator Group 1998 Stock Option and Award Plan (the "Plan") on this 21st day of September 1998 by and between Venator Group, Inc., a New York corporation with its principal office located at 233 Broadway, New York, New York 10279 (the "Company") and Matthew D. Serra, residing at 8 Glenby Lane, Brookville, New York 11545 (the "Executive").

Effective September 21, 1998, the Compensation Committee of the Board of Directors of the Company has granted the Executive an award of 60,000 shares of Restricted Stock under the Plan, subject to the terms of the Plan and the restrictions set forth in this Agreement.

1. Grant of Shares

The Company is transferring to the Executive 60,000 shares of validly issued Common Stock of the Company, par value \$.01 per share. Such shares are fully paid and nonassessable and upon transfer shall be validly issued and outstanding. The shares are subject to certain restrictions pursuant to Section 3 hereof, which restrictions shall expire at various times with regard to portions of the Restricted Stock.

2. Restrictions on Transfer

The Employee shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Restricted Stock, except as set forth in this Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the shares in violation of this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue "stop transfer" instructions to its transfer agent.

3. Restricted Stock

3.1 Deposit of Certificates.

The Executive will deposit with and deliver to the Company the stock certificates representing the Restricted Stock, each duly endorsed in blank or accompanied by stock powers duly executed in blank. In the event the Executive receives a stock dividend on the Restricted Stock or the Restricted Stock is split or the Executive receives any other shares, securities, monies, or property representing a dividend on the Restricted Stock (other than regular cash dividends on and after the date of this Agreement) or representing a

distribution or return of capital upon or in respect of the Restricted Stock or any part thereof, or resulting from a split-up, reclassification or other like changes of the Restricted Stock, or otherwise received in exchange therefor, and any warrants, rights or options issued to the Executive in respect of the Restricted Stock (collectively the "RS Property"), the Executive will also immediately deposit with and deliver to the Company any of such RS Property, including any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank, and such RS Property shall be subject to the same restrictions, including that of this Section 3.1, as the Restricted Stock with regard to which they are issued and shall herein be encompassed within the term "Restricted Stock."

3.2 Rights with Regard to the Restricted Stock.

The Restricted Stock has been transferred from either the Company's treasury or newly issued stock and, therefore, upon delivery to the Executive will constitute issued and outstanding shares of Common Stock for all corporate purposes. From and after the date of transfer, the Executive will have the right to vote the Restricted Stock, to receive and retain all regular cash dividends payable to record holders of Common Stock on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by law, as additional compensation for tax purposes if paid on Restricted Stock), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock, with the exceptions that (i) the Executive will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the restriction period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled, (ii) the Company will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property during the restriction period, (iii) no RS Property shall bear interest or be segregated in separate accounts during the restriction period and (iv) the Executive may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock during the restriction period.

3.3 Vesting.

If the Executive commences his employment with the Company on or prior to October 1, 1998, the Restricted Stock shall become vested and cease to be Restricted Stock (but still subject to the other terms of the Plan and this Agreement) as follows if the Executive has been continuously employed by the Company or its subsidiaries within the meaning of Section 424 of the Internal Revenue Code of 1986, as amended (the "Control Group") until such date:

On the first anniversary of Commencement Date	12,000 shares
On the second anniversary of Commencement Date	12,000 shares
On the third anniversary of Commencement Date	12,000 shares
On the fourth anniversary of Commencement Date	12,000 shares
On the fifth anniversary of Commencement Date	12,000 shares

There shall be no proportionate or partial vesting in the periods prior to each vesting date and all vesting shall occur only on the appropriate vesting date, provided that, if the Executive is terminated without cause or terminated for Good Reason, both as provided in the Executive's employment agreement with the Company dated September 8, 1998 (the "Employment Agreement"), or if at the end of the three year period covered by the Employment Agreement, the Company does not offer to extend the Employment Agreement for at least a two year period immediately following September 30, 2001 under the same terms and conditions then existing (other than with respect to the compensation provided for in Sections 4(b), 4(g), and 4(k) and 4(i)), for reasons other than Cause (as defined in the Employment Agreement), the unvested portion of the Executive's Restricted Stock will become vested as of the last date of his employment.

Subject to the approval of the Compensation Committee of the Company's Board of Directors and the provisions of the Plan, if the Executive is prohibited in any legal proceeding from commencing his employment with the Company on or before October 1, 1998, then for purposes of the vesting schedule referred to in the preceding paragraph, Executive shall be deemed to have been continuously employed by the Company from October 1, 1998 to Executive's actual Commencement Date (as defined in the Employment Agreement). When any Restricted Stock becomes vested, the Company shall promptly issue and deliver to the Executive a new stock certificate registered in the name of the Executive for such shares without the legend set forth in Section 4 hereof and deliver to the Executive any related other RS Property.

In addition, all shares of Restricted Stock shall become immediately vested and cease to be Restricted Stock upon any Change in Control as defined in Appendix A hereto.

3.4 Forfeiture.

In the event of the Executive's death, disability, or resignation, the Executive shall forfeit to the Company, without compensation, all unvested shares of Restricted Stock; provided that, in the event of death or disability of the Executive, the Compensation Committee of the Board of Directors of the Company may, in its sole discretion, but shall not be obligated to, fully vest and not forfeit all or any portion of the Executive's Restricted Stock.

3.5 Adjustments.

In the event of any stock dividend, split up, split-off, spin-off, distribution, recapitalization, combination or exchange of shares, merger, consolidation, reorganization or liquidation or the like, the Restricted Stock shall, where appropriate in the sole discretion of the Compensation Committee of the Board of Directors of the Company, receive the same distributions as other shares of Common Stock or on some other basis as determined by the Compensation Committee of the Board of Directors. In any such event, the Compensation Committee of the Board of Directors may, in its sole discretion,

determine to award additional Restricted Stock in lieu of the distribution or adjustment being made with respect to other shares of Common Stock. In any such event, the determination made by the Compensation Committee of the Board of Directors shall be conclusive. The Compensation Committee of the Board of Directors may, in its sole discretion, at any time fully vest and not forfeit all or any portion of the Executive's Restricted Stock.

3.6 Withholding.

The Employee agrees that, subject to subsection 3.7 below,

(a) No later than the date on which any Restricted Stock shall have become vested, the Executive will pay to the Company, or make arrangements satisfactory to the Company regarding payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to any Restricted Stock which shall have become so vested;

(b) The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Executive any federal, state or local taxes of any kind required by law to be withheld with respect to any Restricted Stock which shall have become so vested; and

(c) In the event the Executive does not satisfy (a) above on a timely basis, the Company may, but shall not be required to, pay such required withholding and treat such amount as a demand loan to the Employee at the maximum rate permitted by law, with such loan, at the Company's sole discretion and provided the Company so notifies the Employee within thirty (30) days of the making of the loan, secured by the shares of Common Stock and any failure by the Executive to pay the loan upon demand shall entitle the Company to all of the rights at law of a creditor secured by the shares of Common Stock. The Company may hold as security any certificates representing any shares of Common Stock and, upon demand of the Company, the Executive shall deliver to the Company any certificates in his possession representing shares of Common Stock together with a stock power duly endorsed in blank.

3.7 Section 83(b).

If the Executive properly elects (as required by Section 83(b) of the Internal Revenue Code of 1986, as amended) within thirty (30) days after the issuance of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of such Restricted Stock, the Executive shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state or local taxes required to be withheld with respect to such Restricted Stock. If the Executive shall fail to make such payment, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Executive any federal, state or local taxes of any kind required by law to be withheld with respect to such Restricted Stock, as well as the rights set forth in Section 3.6(c) hereof. The Executive acknowledges that it is his sole responsibility, and not the Company's, to file timely the election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and any corresponding provisions of state tax laws if he elects to utilize such election.

3.8 Special Incentive Compensation.

The Executive agrees that the award of the Restricted Stock hereunder is special incentive compensation and that it, any dividends paid thereon (even if treated as compensation for tax purposes) and any other RS Property will not be taken into account as "salary" or "compensation" or "bonus" in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

3.9 Delivery Delay.

The delivery of any certificate representing Restricted Stock or other RS Property may be postponed by the Company for such period as may be required for it to comply with any applicable federal or state securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such shares shall constitute a violation by the Executive or the Company of any provisions of any law or of any regulations of any governmental authority or any national securities exchange.

4. Legend.

All certificates representing shares of Restricted Stock shall have endorsed thereon a legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, substantially in the following form:

"The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Venator Group (the "Company") 1998 Stock Option and Award Plan and an Agreement entered into between the registered owner and the Company dated as of September 21, 1998. Copies of such Plan and Agreement are on file at the principal office of the Company."

5. Not an Employment Agreement.

The issuance of the shares of Restricted Stock hereunder does not constitute an agreement by the Company to continue to employ the Executive during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Stock is outstanding.

6. Power of Attorney.

The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Executive for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Executive, may, in the name and stead of the Executive, make and execute all conveyances, assignments and transfers of the Restricted Stock, shares and property provided for herein, and the Executive hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Executive shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for the purpose.

7. Miscellaneous.

7.1 This Agreement shall inure to the benefit of and be binding upon all parties hereto and their respective heirs, legal representatives, successors and assigns.

7.2 This Agreement constitutes the entire agreement between the parties and cannot be changed or terminated orally. No modification or waiver of any of the provisions hereof shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

7.3 This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

7.4 The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

7.5 The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

7.6 All notices, consents, requests, approvals, instructions and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same, at the addresses set forth at the heading of this Agreement or to such other address as either party may designate by like notice. Notices to the Company shall be addressed to the Chairman of the Compensation Committee with a copy similarly sent to the General Counsel.

7.7 This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the internal laws of the State of New York.

7.8 To indicate your acceptance of the terms of this Restricted Stock Award Agreement, you must sign and deliver or mail not later than November 20, 1998 a copy of this Agreement to the General Counsel of the Company at the address provided in the heading of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

VENATOR GROUP, INC.

By: /s/ Roger N. Farah

/s/ Matthew D. Serra

Matthew D. Serra

ACKNOWLEDGMENT

STATE OF NEW YORK)
) s.s.:
COUNTY OF NEW YORK)

On this 13th day of October, 1998 before me personally appeared Matthew Serra, to me known to be the person described in and who executed the foregoing agreement, and acknowledged that he executed the same as his free act and deed.

/s/ Kathryn M. Kress

Notary Public
KATHRYN M. KRESS
Notary Public, State of New York
No. 43-4742328
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires Feb. 28, 2000

APPENDIX A

CHANGE IN CONTROL

A Change in Control shall mean any of the following: (i) (A) the making of a tender or exchange offer by any person or entity or group of associated persons or entities (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a "Person") (other than the Company or its Affiliates) for shares of Common Stock pursuant to which purchases are made of securities representing at least twenty percent (20%) of the total combined voting power of the Company's then issued and outstanding voting securities; (B) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any Person other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (b) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), of securities representing more than the amounts set forth in (C) below; (C) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), in the aggregate, of securities of the Company representing twenty percent (20%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any Person acting in concert as of the date of this Agreement; provided, however, that the Board of Directors of the Company (referred to herein as the "Board") may at any time and from time to time and in the sole discretion of the Board, as the case may be, increase the voting security ownership percentage threshold of this item (C) to an amount not exceeding forty percent (40%); or (D) the approval by the shareholders of the Company of any plan or proposal for the complete liquidation or dissolution of the Company or for the sale of all or substantially all of the assets of the Company; or (ii) during any period of not more than two (2) consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into agreement with the Company to effect a transaction described in clause (i)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (") of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

ATTACHMENT C

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE VENATOR GROUP
1995 STOCK OPTION AND AWARD PLAN

This Restricted Stock Award Agreement (the "Agreement") made under the Venator Group 1995 Stock Option and Award Plan (the "Plan") as of the 9th day of February 2000 by and between Venator Group, Inc., a New York corporation with its principal office located at 233 Broadway, New York, New York 10279 (the "Company") and Matthew D. Serra, residing at 8 Glenby Lane, Brookville, New York 11545 (the "Executive").

Effective February 9, 2000, the Compensation Committee of the Board of Directors of the Company has granted the Executive an award of 100,000 shares of Restricted Stock under the Plan, subject to the terms of the Plan and the restrictions set forth in this Agreement.

1. Grant of Shares

The Company is transferring to the Executive 100,000 shares of validly issued Common Stock of the Company, par value \$.01 per share. Such shares are fully paid and nonassessable and upon transfer shall be validly issued and outstanding. The shares are subject to certain restrictions pursuant to Section 3 hereof, which restrictions shall expire as provided in Section 3.3 hereof.

2. Restrictions on Transfer

The Executive shall not sell, transfer, pledge, hypothecate, assign or otherwise dispose of the Restricted Stock, except as set forth in this Agreement. Any attempted sale, transfer, pledge, hypothecation, assignment or other disposition of the shares in violation of this Agreement shall be void and of no effect and the Company shall have the right to disregard the same on its books and records and to issue "stop transfer" instructions to its transfer agent.

3. Restricted Stock

3.1 Deposit of Certificates.

The Executive will deposit with and deliver to the Company the stock certificates representing the Restricted Stock, each duly endorsed in blank or accompanied by stock powers duly executed in blank. In the event the Executive receives a stock dividend on the

Restricted Stock or the Restricted Stock is split or the Executive receives any other shares, securities, monies, or property representing a dividend on the Restricted Stock (other than regular cash dividends on and after the date of this Agreement) or representing a distribution or return of capital upon or in respect of the Restricted Stock or any part thereof, or resulting from a split-up, reclassification or other like changes of the Restricted Stock, or otherwise received in exchange therefor, and any warrants, rights or options issued to the Executive in respect of the Restricted Stock (collectively the "RS Property"), the Executive will also immediately deposit with and deliver to the Company any of such RS Property, including any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank, and such RS Property shall be subject to the same restrictions, including that of this Section 3.1, as the Restricted Stock with regard to which they are issued and shall herein be encompassed within the term "Restricted Stock."

3.2 Rights with Regard to the Restricted Stock.

The Restricted Stock has been transferred from either the Company's treasury or newly issued stock and, therefore, upon delivery to the Executive will constitute issued and outstanding shares of Common Stock for all corporate purposes. From and after the date of transfer, the Executive will have the right to vote the Restricted Stock, to receive and retain all regular cash dividends payable to record holders of Common Stock on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by law, as additional compensation for tax purposes if paid on Restricted Stock), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock, with the exceptions that (i) the Executive will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the restriction period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled, (ii) the Company will retain custody of the stock certificate or certificates representing the Restricted Stock and the other RS Property during the restriction period, (iii) no RS Property shall bear interest or be segregated in separate accounts during the restriction period and (iv) the Executive may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock during the restriction period.

3.3 Vesting.

The Restricted Stock shall become vested and cease to be Restricted Stock (but still subject to the other terms of the Plan and this Agreement) on February 1, 2002 if the Executive has been continuously employed by the Company or its subsidiaries within the meaning of Section 424 of the Internal Revenue Code of 1986, as amended (the "Control Group") until such date.

Other than as may be provided for under Section 3.4 hereof, there shall be no proportionate or partial vesting prior to the vesting date and all vesting shall occur only on the appropriate vesting date.

When any Restricted Stock becomes vested, the Company shall promptly issue and deliver to the Executive a new stock certificate registered in the name of the Executive for such shares without the legend set forth in Section 4 hereof and deliver to the Executive any related other RS Property.

In addition, all shares of Restricted Stock shall become immediately vested and cease to be Restricted Stock upon any Change in Control as defined in Appendix A hereto.

3.4 Forfeiture.

In the event of the Executive's death, disability, or resignation, the Executive shall forfeit to the Company, without compensation, all unvested shares of Restricted Stock; provided that (i) in the event of death or disability of the Executive or (ii) in the event that the Executive ceases to be employed by the Company or any subsidiary or affiliate of the Company as a result of the closing, sale, spin-off or other divestiture of any operation of the Company, the Compensation Committee of the Board of Directors of the Company may, in its sole discretion, but shall not be obligated to, fully vest and not forfeit all or any portion of the Executive's Restricted Stock.

3.5 Adjustments.

In the event of any stock dividend, split up, split-off, spin-off, distribution, recapitalization, combination or exchange of shares, merger, consolidation, reorganization or liquidation or the like, the Restricted Stock shall, where appropriate in the sole discretion of the Compensation Committee of the Board of Directors of the Company, receive the same distributions as other shares of Common Stock or on some other basis as determined by the Compensation Committee of the Board of Directors. In any such event, the Compensation Committee of the Board of Directors may, in its sole discretion, determine to award additional Restricted Stock in lieu of the distribution or adjustment being made with respect to other shares of Common Stock. In any such event, the determination made by the Compensation Committee of the Board of Directors shall be conclusive. The Compensation Committee of the Board of Directors may, in its sole discretion, at any time fully vest and not forfeit all or any portion of the Executive's Restricted Stock.

3.6 Withholding.

The Employee agrees that, subject to subsection 3.7 below,

(a) No later than the date on which any Restricted Stock shall have become vested, the Executive will pay to the Company, or make arrangements satisfactory to the Company regarding payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to any Restricted Stock which shall have become so vested;

(b) The Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Executive any federal, state or local taxes of any kind required by law to be withheld with respect to any Restricted Stock which shall have become so vested; and

(c) In the event the Executive does not satisfy (a) above on a timely basis, the Company may, but shall not be required to, pay such required withholding and treat such amount as a demand loan to the Employee at the maximum rate permitted by law, with such loan, at the Company's sole discretion and provided the Company so notifies the Employee within thirty (30) days of the making of the loan, secured by the shares of Common Stock and any failure by the Executive to pay the loan upon demand shall entitle the Company to all of the rights at law of a creditor secured by the shares of Common Stock. The Company may hold as security any certificates representing any shares of Common Stock and, upon demand of the Company, the Executive shall deliver to the Company any certificates in his possession representing shares of Common Stock together with a stock power duly endorsed in blank.

3.7 Section 83(b).

If the Executive properly elects (as required by Section 83(b) of the Internal Revenue Code of 1986, as amended) within thirty (30) days after the issuance of the Restricted Stock to include in gross income for federal income tax purposes in the year of issuance the fair market value of such Restricted Stock, the Executive shall pay to the Company or make arrangements satisfactory to the Company to pay to the Company upon such election, any federal, state or local taxes required to be withheld with respect to such Restricted Stock. If the Executive shall fail to make such payment, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to the Executive any federal, state or local taxes of any kind required by law to be withheld with respect to such Restricted Stock, as well as the rights set forth in Section 3.6(c) hereof. The Executive acknowledges that it is his sole responsibility, and not the Company's, to file timely the election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and any corresponding provisions of state tax laws if he elects to utilize such election.

3.8 Special Incentive Compensation.

The Executive agrees that the award of the Restricted Stock hereunder is special incentive compensation and that it, any dividends paid thereon (even if treated as compensation for tax purposes) and any other RS Property will not be taken into account as "salary" or "compensation" or "bonus" in determining the amount of any payment under any pension, retirement or profit-sharing plan of the Company or any life insurance, disability or other benefit plan of the Company.

3.9 Delivery Delay.

The delivery of any certificate representing Restricted Stock or other RS Property may be postponed by the Company for such period as may be required for it to comply with any applicable federal or state securities law, or any national securities exchange listing requirements and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such shares shall constitute a violation by the Executive or the Company of any provisions of any law or of any regulations of any governmental authority or any national securities exchange.

4. Legend.

All certificates representing shares of Restricted Stock shall have endorsed thereon a legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, substantially in the following form:

"The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Venator Group (the "Company") 1995 Stock Option and Award Plan and an Agreement entered into between the registered owner and the Company dated as of February 9, 2000. Copies of such Plan and Agreement are on file at the principal office of the Company."

5. Not an Employment Agreement.

The issuance of the shares of Restricted Stock hereunder does not constitute an agreement by the Company to continue to employ the Executive during the entire, or any portion of the, term of this Agreement, including but not limited to any period during which the Restricted Stock is outstanding.

6. Power of Attorney.

The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Executive for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments which such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Executive, may, in the name and stead of the Executive, make and execute all conveyances, assignments and transfers of the Restricted Stock, shares and property provided for herein, and the Executive hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Executive shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for the purpose.

7. Miscellaneous.

7.1 This Agreement shall inure to the benefit of and be binding upon all parties hereto and their respective heirs, legal representatives, successors and assigns.

7.2 This Agreement constitutes the entire agreement between the parties and cannot be changed or terminated orally. No modification or waiver of any of the provisions hereof shall be effective unless in writing and signed by the party against whom it is sought to be enforced.

7.3 This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one contract.

7.4 The failure of any party hereto at any time to require performance by another party of any provision of this Agreement shall not affect the right of such party to require performance of that provision, and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

7.5 The headings of the sections of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms or provisions hereof.

7.6 All notices, consents, requests, approvals, instructions and other communications provided for herein shall be in writing and validly given or made when delivered, or on the second succeeding business day after being mailed by registered or certified mail, whichever is earlier, to the persons entitled or required to receive the same, at the addresses set forth at the heading of this Agreement or to such other address as either party may designate by like notice. Notices to the Company shall be addressed to the Chairman of the Compensation Committee with a copy similarly sent to the General Counsel.

7.7 This Agreement shall be governed and construed and the legal relationships of the parties determined in accordance with the internal laws of the State of New York.

7.8 To indicate your acceptance of the terms of this Restricted Stock Award Agreement, you must sign and deliver or mail not later than March 9, 2000 a copy of this Agreement to the General Counsel of the Company at the address provided in the heading of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

VENATOR GROUP, INC.

By: /s/ Dennis M. Lee

Senior Vice President

/s/ Matthew D. Serra

Matthew D. Serra

ACKNOWLEDGMENT

STATE OF NEW YORK)
) s.s.:
COUNTY OF NEW YORK)

On this 12th day of January, 2000 before me personally appeared Matthew D. Serra, to me known to be the person described in and who executed the foregoing agreement, and acknowledged that he executed the same as his free act and deed.

/s/ Shirley Camacho

Notary Public
SHIRLEY A. CAMACHO
Notary Public, State of New York
No. 01CA5040447
Qualified in Bronx County
Commission Expires March 12, 2001

APPENDIX A

CHANGE IN CONTROL

A Change in Control shall mean any of the following: (i) (A) the making of a tender or exchange offer by any person or entity or group of associated persons or entities (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) (a "Person") (other than the Company or its Affiliates) for shares of Common Stock pursuant to which purchases are made of securities representing at least twenty percent (20%) of the total combined voting power of the Company's then issued and outstanding voting securities; (B) the merger or consolidation of the Company with, or the sale or disposition of all or substantially all of the assets of the Company to, any Person other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) fifty percent (50%) or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation; or (b) a merger or capitalization effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), of securities representing more than the amounts set forth in (C) below; (C) the acquisition of direct or indirect beneficial ownership (as determined under Rule 13d-3 promulgated under the Securities Exchange Act of 1934), in the aggregate, of securities of the Company representing twenty percent (20%) or more of the total combined voting power of the Company's then issued and outstanding voting securities by any Person acting in concert as of the date of this Agreement; provided, however, that the Board of Directors of the Company (referred to herein as the "Board") may at any time and from time to time and in the sole discretion of the Board, as the case may be, increase the voting security ownership percentage threshold of this item (C) to an amount not exceeding forty percent (40%); or (D) the approval by the shareholders of the Company of any plan or proposal for the complete liquidation or dissolution of the Company or for the sale of all or substantially all of the assets of the Company; or (ii) during any period of not more than two (2) consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into agreement with the Company to effect a transaction described in clause (i)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (") of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof

VENATOR GROUP, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)
(\$ in millions)

	Thirteen weeks ended		Fiscal Years Ended				
	April 29, 2000	May 1, 1999*	Jan. 29, 2000	Jan. 30, 1999	Jan. 31, 1998	Jan. 25, 1997	Jan. 27, 1996
NET EARNINGS							
Income (loss) from continuing operations, after-tax	\$ 15	(11)	17	3	213	209	29
Income tax expense (benefit)	9	(7)	11	(42)	120	139	34
Interest expense, excluding capitalized interest	11	15	65	57	41	53	91
Portion of rents deemed representative of the interest factor (1/3)	48	45	190	180	163	162	157
	-----	-----	-----	-----	-----	-----	-----
	\$ 83	42	283	198	537	563	311
	=====	=====	=====	=====	=====	=====	=====
FIXED CHARGES							
Gross interest expense	\$ 11	16	67	64	41	53	91
Portion of rents deemed representative of the interest factor (1/3)	48	45	190	180	163	162	157
	-----	-----	-----	-----	-----	-----	-----
	\$ 59	61	257	244	204	215	248
	=====	=====	=====	=====	=====	=====	=====
RATIO OF EARNINGS TO FIXED CHARGES	1.4	0.7	1.1	0.8	2.6	2.6	1.3
	-----	-----	-----	-----	-----	-----	-----

Earnings were not adequate to cover fixed charges by \$19 million for the thirteen weeks ended May 1, 1999 and by \$46 million for the fiscal year ended January 30, 1999.

* 1999 quarterly information has been restated to reflect the change in method for calculating the market-related value of pension plan assets.

Accountants' Acknowledgment

Venator Group, Inc.
New York, New York

Board of Directors:

Re: Registration Statements Numbers 33-10783, 33-91888, 33-91886, 33-97832
333-07215, 333-21131, 333-62425 and 333-33120 on Form S-8 and Numbers
33-43334 and 33-86300 on Form S-3

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated May 18, 2000 related to our review of interim financial information.

Pursuant to Rule 436(c) under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP
New York, New York
June 12, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED APRIL 29, 2000 AND THE CONSOLIDATED BALANCE SHEET AS OF APRIL 29, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

	FEB-3-2001	JAN-30-2000	APR-29-2000
3-MOS			
			54
		0	
		0	
		0	
		766	
	1,092		
			0
		0	
	2,483		
753			312
	0		
		0	
		0	
		1,142	
2,483			
		1,108	
	1,108		787
		787	
	40		
	0		
	9		
		24	
			9
	15		
		0	
		0	
			0
		15	
		0.11	
		0.11	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED MAY 1, 1999 AND THE CONSOLIDATED BALANCE SHEET AS OF MAY 1, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

3-MOS	JAN-29-2000	JAN-31-1999	MAY-1-1999
			13
		0	
		0	
		0	
		889	
	1,208		0
		0	
		2,809	
	910		513
	0		
		0	
		0	
		1,043	
2,809			
			1,079
	1,079		
			791
		791	
		45	
		0	
		11	
		(18)	
		(7)	
	(11)		
		0	
		0	
			8
		(3)	
		(0.02)	
		(0.02)	

Independent Accountants' Review Report

The Board of Directors and Shareholders
Venator Group, Inc.:

We have reviewed the accompanying condensed consolidated balance sheets of Venator Group, Inc. and subsidiaries as of April 29, 2000 and May 1, 1999, and the related condensed consolidated statements of operations, comprehensive income and cash flows for the thirteen week periods ended April 29, 2000 and May 1, 1999. These condensed consolidated financial statements are the responsibility of Venator Group, Inc. management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Venator Group, Inc. and subsidiaries as of January 29, 2000, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 8, 2000, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 29, 2000, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP
New York, New York
May 18, 2000