

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): March 2, 2004

FOOT LOCKER, INC.

(Exact name of registrant as specified in its charter)

New York

No. 1-10299

13-3513936

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

112 West 34th Street, New York, New York

10120

(Address of principal executive offices)

(Zip Code)

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

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release of Foot Locker, Inc. dated March 2, 2004 reporting operating results for the fourth quarter and full year 2003.

Item 12. Results of Operations and Financial Condition

On March 2, 2004, Foot Locker, Inc. issued a press release announcing its operating results for the fourth quarter and full year 2003. A copy of the press release is attached as Exhibit 99.1, which, in its entirety, is incorporated herein by reference.

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 being hereunto duly authorized.

FOOT LOCKER, INC.

(Registrant)

Date: March 2, 2004

By: /s/ Bruce L. Hartman

Bruce L. Hartman
Executive Vice President and
Chief Financial Officer

FOOT LOCKER, INC.

NEWS RELEASE

CONTACT: Peter D. Brown
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and Treasurer
Foot Locker, Inc.
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FOOT LOCKER, INC. REPORTS FOURTH QUARTER AND FULL YEAR RESULTS

- o Fourth Quarter Income from Continuing Operations Increases 48 Percent to \$0.47 Per Share
- o Full Year Income From Continuing Operations Increases 29 Percent to \$1.40 Per Share
- o Year-end Cash Balance is \$448 Million
- o 2004 EPS Expected to Increase 10-to-20 Percent
- o 2004 Capital Expenditures Planned at \$165 Million
- o Company Signs 6 Year Agreement with United States Olympic Committee
- o Moody's Upgrades Company's Senior Implied Credit Rating to Ba1

NEW YORK, NY, March 2, 2004 - Foot Locker, Inc. (NYSE: FL), the New York-based specialty athletic retailer, today reported net income from continuing operations of \$0.47 per share for its fourth quarter and \$1.40 per share for its full year ended January 31, 2004. The Company also reported a substantially enhanced financial position, with a year-end cash balance of \$448 million, up 25 percent from the 2002 year-end cash balance of \$357 million.

Fourth Quarter Results

Income from continuing operations for the fourth quarter ended January 31, 2004 increased 48 percent to \$71 million, or \$0.47 per share, compared with \$48 million, or \$0.33 per share, last year. Sales for this year's fourth quarter increased 9.9 percent, to \$1,334 million, as compared with \$1,214 million last year, reflecting a comparable-store increase of 3.9 percent.

Full Year Results

Income from continuing operations for the full year increased 29 percent to \$209 million, or \$1.40 per share, as compared with \$162 million, or \$1.10 per share, last year. Sales for the full year increased 6.0 percent, to \$4,779 million as compared with sales of \$4,509 million last year, reflecting a comparable-store decrease of 0.5 percent.

"Over the past five years, we significantly increased our earnings and strengthened our financial position," stated Matthew D. Serra, Foot Locker Inc.'s Chairman and Chief Executive Officer. "We are particularly pleased with our fourth quarter results which exceeded our expectations. During this recent quarter, our comparable store sales strengthened versus earlier in the year and we benefited from a higher gross margin rate and more efficient expense structure."

The Company continued to utilize its cash flow to reduce its debt, increase its cash balance and enhance its financial position. At year-end, the Company's cash balance grew to \$448 million. Net of debt, the Company's cash position increased \$112 million versus last year.

During 2003, the Company continued to focus on maximizing its store base's productivity, in the process opening 113 new stores, remodeling/relocating 250 stores, and closing 128 stores. At January 31, 2004, the Company operated 3,610 stores in 16 countries in North America, Europe and Australia.

Foot Locker, Inc. 112 West 34th Street, New York, NY 10120

"Continuing to strengthen our financial position remains a high priority for our Company, as we strive to attain an investment grade credit rating," continued Mr. Serra. "During the past five years we increased our cash, net of debt position by \$686 million. As a result, our net interest expense declined significantly by \$33 million, to \$18 million in 2003 as compared with \$51 million in 1999. This strengthened financial position allowed us to initiate a shareholder dividend program in 2002, and enabled the Company to double the amount of its quarterly dividend payout beginning in the fourth quarter of 2003."

On February 26, 2004, Moody's Investor Services upgraded the Company's Senior Implied Credit Rating to Ba1. The upgrade was "based on the company's considerable progress in improving profit margins, free cash flow and credit metrics despite shifts in consumer preferences and a challenging retail environment."

2004 Outlook

The Company expects to generate a mid-to-high single digit total sales increase during 2004, and continue to improve, as compared with the prior year, its gross margin rate and SG&A expenses, as a percentage of sales. As a result, earnings per share growth of 10-to-20 percent is currently expected for the full year. A similar EPS growth rate of 10-to-20 percent is currently anticipated for the Company's first fiscal quarter. The Company's capital expenditure program is planned at \$165 million for 2004, and includes the opening of 110 new stores, the roll-out of a new point-of-sale system in the Foot Locker stores in the U.S. and an expansion of the Company's European distribution center.

"We remain confident that our business will continue to grow and produce meaningful annual earnings increases over the next several years," commented Mr. Serra. "The economic environment in the United States is improving and the retail climate, including mall traffic and promotional climate, has stabilized. Our merchandise inventory is well positioned for 2004, and additional expense leveraging is expected to result from infrastructure enhancements and our cost reduction efforts."

In January 2004, Footlocker.com entered into a six-year agreement with the United States Olympic Committee providing the Company with the exclusive rights to sell USOC licensed products through catalogs and via a new E-commerce site.

The Company is hosting a live conference call at 10:00 am (ET) on Wednesday, March 3, 2004 to review the 2003 fourth quarter and full year results, discuss our 2004 outlook, and respond to analysts' questions. This conference call may be accessed live from the Investor Relations section of the Foot Locker, Inc. website at <http://www.footlocker-inc.com>. The conference call will be available for webcast replay until 5:00 pm on Monday, March 8, 2004.

Disclosure Regarding Forward-Looking Statements

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

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FOOT LOCKER, INC.
Consolidated Statements of Operations
(unaudited)
Periods ended January 31, 2004 and February 1, 2003
(In millions, except per share amounts)

	Fourth Quarter 2003 ----	Fourth Quarter 2002 ----
Sales	\$ 1,334	\$ 1,214
Cost of sales	922	845
Selling, general and administrative expenses	263	253
Depreciation and amortization	35	38
Interest expense, net	4	7
	-----	-----
	1,224	1,143
	-----	-----
Income from continuing operations before income taxes	110	71
Income tax expense	39	23
	-----	-----
Income from continuing operations	71	48
Income on disposal of discontinued operations, net of tax	--	9
	-----	-----
Net income	\$ 71	\$ 57
	=====	=====
Diluted EPS:		
Income from continuing operations	\$ 0.47	\$ 0.33
Income on disposal of discontinued operations	--	0.06
	-----	-----
Net income	\$ 0.47	\$ 0.39
	=====	=====
Weighted-average diluted shares outstanding	155.0	150.8

	Full Year 2003 ----	Full Year 2002 ----
Sales	\$ 4,779	\$ 4,509
Cost of sales	3,302	3,165
Selling, general and administrative expenses	987	928
Depreciation and amortization	147	149
Restructuring charge (income) (1)	1	(2)
Interest expense, net	18	26
Other income (2)	--	(3)
	-----	-----
	4,455	4,263
	-----	-----
Income from continuing operations before income taxes	324	246
Income tax expense	115	84
	-----	-----
Income from continuing operations	209	162
Loss on disposal of discontinued operations, net of tax	(1)	(9)
Cumulative effect of accounting change, net of tax (3)	(1)	--
	-----	-----
Net income	\$ 207	\$ 153
	=====	=====
Diluted EPS:		
Income from continuing operations	\$ 1.40	\$ 1.10
Loss on disposal of discontinued operations	(0.01)	(0.05)

Net income	----- \$ 1.39 =====	----- \$ 1.05 =====
Weighted-average diluted shares outstanding	152.9	150.8

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- (1) Represents revisions in estimates to restructuring reserves for disposed businesses.
 - (2) Amount in 2002 reflects real estate transactions.
 - (3) Related to adoption of SFAS No. 143 "Accounting for Asset Retirement Obligations."

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

	January 31, 2004 ----	February 1, 2003 ----
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$ 448	\$ 357
Merchandise inventories	920	835
Other current assets	151	92
	-----	-----
	1,519	1,284
Property and equipment, net	644	636
Deferred tax assets	194	240
Other assets	332	326
	-----	-----
	\$2,689	\$2,486
	=====	=====
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Accounts payable	\$ 234	\$ 251
Accrued liabilities	300	296
Current liabilities and reserves for restructuring, discontinued operations and businesses held for sale	11	24
Current portion of long-term debt and obligations under capital leases	--	1
	-----	-----
	545	572
Long-term debt and obligations under capital leases	335(1)	356
Other liabilities	434(1)	448
SHAREHOLDERS' EQUITY	1,375	1,110
	-----	-----
	\$2,689	\$2,486
	=====	=====

(1) Long-term debt and obligations under capital leases in 2003 were reduced by \$1 million representing the fair value of interest rate swaps related to the Company's 8 1/2% debentures due in 2022. The Company's cash, net of debt calculation excludes the fair value of these interest rate swaps which are reflected in other liabilities.

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

	January 31, 2004	February 1, 2003	February 2, 2002	February 3, 2001	January 29, 2000
Foot Locker U.S.					
Number of stores	1,448	1,477	1,472	1,453	1,469
Gross square footage	5,916	6,043	6,039	5,926	5,605
Selling square footage	3,447	3,497	3,442	3,372	3,419
Lady Foot Locker					
Number of stores	584	606	632	662	656
Gross square footage	1,303	1,362	1,416	1,463	1,412
Selling square footage	723	781	816	839	820
Kids Foot Locker					
Number of stores	357	377	391	398	397
Gross square footage	863	912	944	972	942
Selling square footage	514	547	567	574	570
Champs Sports					
Number of stores	581	582	574	586	596
Gross square footage	3,239	3,262	3,262	3,370	3,404
Selling square footage	2,244	2,292	2,280	2,373	2,387
Foot Locker International					
Number of stores	640	583	521	483	477
Gross square footage	1,823	1,639	1,482	1,345	1,253
Selling square footage	992	920	837	756	682
Total Athletic Group					
Number of stores	3,610	3,625	3,590	3,582	3,595
Gross square footage	13,144	13,218	13,143	13,076	12,616
Selling square footage	7,920	8,037	7,942	7,914	7,878

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