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 November 3, 2001

Commission file no. 1-10299

FOOT LOCKER, INC.
(Exact name of registrant as specified in its charter)

New York	13-3513936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

112 W. 34th Street, New York, New York	10120
(Address of principal executive offices)	(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 [X] NO [ ]

Number of shares of Common Stock outstanding at December 1, 2001: 139,857,332

FOOT LOCKER, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FOOT LOCKER, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except shares)

	November 3, 2001 (Unaudited)	October 28, 2000 * (Unaudited)	February 3, 2001 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	$ 62	$ 18	$ 109
Merchandise inventories	943	861	730
Assets held for disposal	14	54	31
Net assets of discontinued operations	--	78	37
Other current assets	99	108	93
	1,118	1,119	1,000
Property and equipment, net	639	694	684
Deferred taxes	224	313	234
Goodwill, net	137	145	143
Assets of business transferred under contractual arrangement (note receivable)	30	--	--
Other assets	191	162	171
	$ 2,339	$ 2,433	$ 2,232
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term debt	$ --	$ 140	$ --
Accounts payable	348	282	264
Accrued liabilities	202	238	222
Current portion of repositioning and restructuring reserves	10	22	13
Current portion of reserve for discontinued operations	24	16	76
Current portion of long-term debt and obligations under capital leases	34	54	54
	618	752	629
Long-term debt and obligations under capital leases	366	259	259
Liabilities of business transferred under contractual arrangement	12	--	--
Other liabilities	268	264	331
Shareholders' equity			
Common stock and paid-in capital: 139,884,055; 138,116,998 and 138,690,560 shares, respectively	360	344	351
Retained earnings	761	993	705
Accumulated other comprehensive loss	(46)	(178)	(41)
Less: Treasury stock at cost: 67,455; 199,625 and 199,625 shares, respectively	--	(1)	(2)
Total shareholders' equity	1,075	1,158	1,013
	$ 2,339	$ 2,433	$ 2,232

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 2000 interim information has been restated to reflect the change in method of accounting for layaway sales and the presentation of the Northern Group as a discontinued segment.

FOOT LOCKER, INC.

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

	Thirteen weeks ended		Thirty-nine weeks ended	
	Nov. 3, 2001	Oct. 28, 2000 *	Nov. 3, 2001	Oct. 28, 2000 *
Sales	$ 1,104	$ 1,085	$ 3,224	$ 3,100
Costs and Expenses				
Cost of sales	777	751	2,265	2,176
Selling, general and administrative expenses	229	241	687	702
Depreciation and amortization	38	37	114	113
Restructuring charge	1	4	33	3
Interest expense, net	8	5	18	16
Other income	--	--	(1)	(16)
	1,053	1,038	3,116	2,994
Income from continuing operations before income taxes	51	47	108	106
Income tax expense	18	18	39	41
Income from continuing operations	33	29	69	65
Loss from discontinued operations, net of income tax benefit of $2 and $10	--	(4)	--	(16)
Loss on disposal of discontinued operations, net of income tax expense of $1	--	--	(13)	--
Cumulative effect of accounting change, net of income tax benefit of $-	--	--	--	(1)
Net income	$ 33	$ 25	$ 56	$ 48
Basic earnings per share:				
Income from continuing operations	$ 0.24	$ 0.21	$0.50	$ 0.47
Loss from discontinued operations	--	(0.03)	(0.09)	(0.11)
Cumulative effect of accounting change	--	--	--	(0.01)
Net income	$ 0.24	$ 0.18	$ 0.41	$ 0.35
Weighted-average common shares outstanding	139.8	137.9	139.3	137.7
Diluted earnings per share:				
Income from continuing operations	$0.23	$ 0.21	$ 0.49	$ 0.46
Loss from discontinued operations	--	(0.03)	(0.09)	(0.11)
Cumulative effect of accounting change	--	--	--	(0.01)
Net income	$ 0.23	$ 0.18	$ 0.40	$ 0.34
Weighted-average common shares assuming dilution	150.8	139.5	145.7	139.0

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 2000 interim information has been restated to reflect the change in method of accounting for layaway sales, shipping and handling revenues and costs and the presentation of the Northern Group as a discontinued segment.

FOOT LOCKER, INC.

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

	Thirteen weeks ended		Thirty-nine weeks ended	
	Nov. 3, 2001	Oct. 28, 2000 *	Nov. 3, 2001	Oct. 28, 2000 *
Net income	$ 33	$ 25	$ 56	$ 48
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments arising during the period	3	(23)	(5)	(36)
Comprehensive income	$ 36	$ 2	$ 51	$ 12

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 2000 interim information has been restated to reflect the change in method of accounting for layaway sales and the presentation of the Northern Group as a discontinued segment.

FOOT LOCKER, INC.

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

	Thirty-nine weeks ended	
	Nov. 3, 2001	Oct. 28, 2000 *
From Operating Activities:		
Net income	$ 56	$ 48
Adjustments to reconcile net income to net cash used in operating activities of continuing operations:		
Restructuring charge	33	3
Loss on disposal of discontinued operations, net of tax	13	--
Loss from discontinued operations, net of tax	--	16
Cumulative effect of accounting change, net of tax	--	1
Depreciation and amortization	114	113
Gains on sales of investments	--	(6)
Gains on sales of real estate	(1)	(10)
Deferred taxes	(29)	(12)
Change in assets and liabilities:		
Merchandise inventories	(216)	(177)
Accounts payable and other accruals	62	43
Repositioning and restructuring reserves	(43)	(32)
Other, net	3	4
Net cash used in operating activities of continuing operations	(8)	(9)
From Investing Activities:		
Proceeds from sales of investments	5	7
Proceeds from sales of real estate	1	7
Capital expenditures	(75)	(68)
Net cash used in investing activities of continuing operations	(69)	(54)
From Financing Activities:		
Increase in short-term debt	--	69
Issuance of convertible long-term debt	150	--
Debt issuance costs	(8)	--
Reduction in long-term debt and capital lease obligations	(61)	(104)
Issuance of common stock	9	5
Net cash provided by (used in) financing activities of continuing operations	90	(30)
Net Cash used in Discontinued Operations	(62)	(55)
Effect of exchange rate fluctuations on Cash and Cash Equivalents	2	4
Net change in Cash and Cash Equivalents	(47)	(144)
Cash and Cash Equivalents at beginning of year	109	162
Cash and Cash Equivalents at end of interim period	$ 62	$ 18
Cash paid during the period:		
Interest	$ 25	$ 22
Income taxes	$ 30	$ 27

See Accompanying Notes to Condensed Consolidated Financial Statements.

* 2000 interim information has been restated to reflect the change in method of accounting for layaway sales and the presentation of the Northern Group as a discontinued segment.

FOOT LOCKER, INC.

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 February 3, 2001, as filed with the Securities and Exchange Commission (the "SEC") on April 23, 2001. 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 thirty-nine weeks ended November 3, 2001 are not necessarily indicative of the results expected for the year. As discussed below, prior year financial statements have been restated to reflect the discontinuance of the Northern Group, the change in method of accounting for layaway sales and the reclassification of shipping and handling fees to revenue and the related costs to cost of sales.

Name Change

The Registrant (formerly known as Venator Group, Inc.) changed its name to Foot Locker, Inc. effective November 1, 2001.

Derivative Financial Instruments

Effective February 4, 2001, the Registrant adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related amendment, Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" ("SFAS No. 133"). SFAS No. 133 requires that all derivative financial instruments be recorded in the Consolidated Balance Sheets at their fair values. Changes in fair values of derivatives will be recorded each period in earnings or other comprehensive income (loss), depending on whether a derivative is designated and effective as part of a hedge transaction and, if it is, the type of hedge transaction. The effective portion of the gain or loss on the hedging derivative instrument will be reported as a component of other comprehensive income (loss) and will be reclassified to earnings in the period in which the hedged item affects earnings. To the extent derivatives do not qualify as hedges, or are ineffective, their changes in fair value will be recorded in earnings immediately, which may subject the Registrant to increased earnings volatility. The adoption of SFAS No. 133 in 2001 did not have a material impact on the Registrant's consolidated earnings.

The Registrant operates internationally and utilizes certain derivative financial instruments to mitigate its foreign currency exposures, primarily related to third-party and intercompany forecasted transactions. For a derivative to qualify as a hedge at inception and throughout the hedged period, the Registrant formally documents the nature and relationships between the hedging instruments and hedged items, as well as its risk-management objectives, strategies for undertaking the various hedge transactions and method of assessing hedge effectiveness. Additionally, for hedges of forecasted transactions, the significant characteristics and expected terms of a forecasted transaction must be specifically identified, and it must be probable that each forecasted transaction will occur. If it were deemed probable that the forecasted transaction would not occur, the gain or loss would be recognized in earnings immediately. No such gains or losses were recognized in earnings during the quarter ended November 3, 2001. Derivative financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedging instrument and the item being hedged, both at inception and throughout the hedged period. The Registrant does not hold derivative financial instruments for trading or speculative purposes.

The primary currencies to which the Registrant is exposed are the Euro, the British Pound and the Canadian Dollar. When using a forward contract as a hedging instrument, the Registrant excludes the time value from the assessment of effectiveness. The change in a forward contract's time value is reported in earnings. For forward foreign exchange contracts designated as cash flow hedges of inventory, the effective portion of gains and losses is deferred as a component of accumulated other comprehensive loss and is recognized as a component of cost of sales when the related inventory is sold. The effective portion of gains and losses associated with other forward contracts is deferred as a component of accumulated other comprehensive loss until the underlying hedged transaction is reported in earnings. The changes in fair value of forward contracts and option contracts that do not qualify as hedges are recorded in earnings.

During the quarter ended November 3, 2001, ineffectiveness related to cash flow hedges was not material. The Registrant is hedging forecasted transactions for no more than the next twelve months and expects all derivative-related amounts reported in accumulated other comprehensive loss to be reclassified to earnings within twelve months.

During the quarter ended November 3, 2001, the decrease in accumulated comprehensive loss due to both the changes in fair value of derivative financial instruments designated as hedges and the reclassification to earnings was not material.

During the quarter ended November 3, 2001, the changes in fair value of derivative instruments not designated as hedges were not material.

Revenue Recognition

In the fourth quarter of 2000, the Registrant changed its method of accounting for sales under its layaway program, in accordance with Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," effective as of the beginning of the year. Under the new method, revenue from layaway sales is recognized when the customer receives the product, rather than when the initial deposit is paid. The cumulative effect of the change was a $1 million after-tax charge, or $0.01 per diluted share. The impact on each of the quarters in 2000 was not material.

Revenue was restated in the fourth quarter of 2000, in accordance with Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," to include shipping and handling fees for all periods presented. Shipping and handling fees of $8 million and $20 million, respectively, were reclassified to sales from selling, general and administrative expenses for the thirteen and thirty-nine weeks ended October 28, 2000 and the associated costs of $6 million and $15 million, respectively, were reclassified from selling, general and administrative expenses to cost of sales.

Discontinued Operations

On January 23, 2001, the Registrant announced that it was exiting its 694 store Northern Group segment. The Registrant recorded a charge to earnings of $252 million before-tax, or $294 million after-tax, in the fourth quarter of 2000 for the loss on disposal of the segment. Major components of the charge included expected cash outlays for lease buyouts and real estate disposition costs of $68 million, severance and personnel related costs of $23 million and operating losses and other exit costs from the measurement date through the expected date of disposal of $24 million. Non-cash charges included the realization of a $118 million currency translation loss, resulting from the movement in the Canadian dollar during the period the Registrant held its investment in the segment and asset write-offs of $19 million. The Registrant also recorded a tax benefit for the liquidation of the Northern U.S. stores of $42 million, which was offset by a valuation allowance of $84 million to reduce the deferred tax assets related to the Canadian operations to an amount that is more likely than not to be realized.

In the first quarter of 2001, the Registrant recorded a tax benefit of $5 million as a result of the implementation of tax planning strategies related to the discontinuance of the Northern Group. In the second quarter, the Registrant recorded a charge to earnings of $12 million before-tax, or $19 million after-tax, comprising the write-down of the net assets of the Canadian business to their net realizable value pursuant to the pending transaction, which was partially offset by reduced severance costs as a result of the transaction and favorable results from the liquidation of the U.S. stores and real estate disposition activity.

During the second quarter of 2001, the Registrant completed the liquidation of the 324 stores in the United States. On September 28, 2001, the Registrant completed the stock transfer of the 370 Northern Group stores in Canada, through one of its wholly-owned subsidiaries for approximately CAD$59 million (approximately US$38 million) which was paid in the form of a note (the "Note"). The net amount of the assets and liabilities of the former operations have been written down to the estimated fair value of the Note. The purchaser will operate the Northern Group stores, from which the repayment of the Note will be made. The transaction has been accounted for as a "transfer of assets and liabilities under contractual arrangement" as no cash proceeds were received and the consideration comprised the Note, the repayment of which is dependent on the future successful operations of the business. The assets and liabilities related to the former operations have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement."

The Note is required to be repaid upon the occurrence of "payment events," as defined in the purchase agreement, but no later than September 28, 2008, when the initial payment is due. Interest will accrue at 7% annually beginning on September 28, 2002 and is to be paid semi-annually. Additional payments to the Registrant may be required in accordance with the agreement through September 28, 2026 should a payment event occur.

The purchaser agreed to obtain a revolving line of credit with a lending institution, satisfactory to the Registrant, in an amount not less than CAD$25 million (approximately US$17 million). The Registrant also entered into a credit agreement with the purchaser to provide a revolving credit facility to be used to fund its working capital needs. The facility is available up to a maximum of CAD$5 million (approximately US$3 million) and will expire on December 31, 2002. The Registrant has subordinated its interest to permitted encumbrances as defined in the credit agreement.

Net disposition activity of $107 million for the thirty-nine weeks ended November 3, 2001 included operating losses of $28 million, a $5 million interest expense allocation based on intercompany debt balances, real estate disposition activity of $39 million, severance of $7 million and asset impairments and other costs of $28 million. Of the remaining reserve balance of $20 million at November 3, 2001, $14 million is expected to be utilized within twelve months and the remaining $6 million thereafter. The net loss from discontinued operations for the thirteen and thirty-nine weeks ended October 28, 2000, includes sales of $82 million and $228 million, respectively, and interest expense allocations of $3 million and $7 million, respectively, based on intercompany debt balances.

In 1998, the Registrant exited both its International General Merchandise and Specialty Footwear segments. In the second quarter of 2001, the Registrant recorded a tax benefit of $1 million related to the settlement of tax liabilities in Germany associated with exiting the International General Merchandise segment. In 1997, the Registrant announced that it was exiting its Domestic General Merchandise segment. The remaining reserve balances totaled $26 million as of November 3, 2001, $10 million of which is expected to be utilized within twelve months. Disposition activity related to the reserves is presented below:

NORTHERN GROUP
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
Real estate & lease liabilities	$ 68	$(39)	$ (11)	$ 18
Severance & personnel	23	(7)	(14)	2
Asset impairments	--	(23)	23	--
Operating losses & other costs	24	(38)	14	--
Total	$ 115	$ (107)	$ 12	$ 20

INTERNATIONAL GENERAL MERCHANDISE
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
The Bargain! Shop	$ 7	$ (1)	$ --	$ 6

SPECIALTY FOOTWEAR
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
Real estate & lease liabilities	$ 9	$ (1)	$--	$ 8
Other costs	3	(1)	--	2

Total	$ 12	$ (2)	$--	$ 10

DOMESTIC GENERAL MERCHANDISE
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
Real estate & lease liabilities	$ 16	$ (7)	$--	$ 9
Other costs	2	(1)	--	1
Total	$ 18	$ (8)	$--	$ 10

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

(in millions)	NORTHERN GROUP	SPECIALTY FOOTWEAR	DOMESTIC GENERAL MERCHANDISE	TOTAL
11/3/2001				
Assets	$ --	$ 2	$ 8	$ 10
Liabilities	7	1	2	10
Net assets (liabilities) of discontinued operations	$ (7)	$ 1	$ 6	$ --
10/28/2000				
Assets	$ 121	$ 3	$ 11	$ 135
Liabilities	52	1	4	57
Net assets of discontinued operations	$ 69	$ 2	$ 7	$ 78
2/3/2001				
Assets	$ 64	$ 3	$ 8	$ 75
Liabilities	33	1	4	38
Net assets of discontinued operations	$ 31	$ 2	$ 4	$ 37

The Northern Group's assets at October 28, 2000 and February 3, 2001 comprise inventory, fixed assets and other current assets. The Northern Group's liabilities comprise accounts payable, restructuring reserves and other accrued liabilities. The net assets of the Specialty Footwear and Domestic General Merchandise segments consist primarily of fixed assets, deferred tax assets and accrued liabilities.

Restructuring Programs

1999 Restructuring

Total restructuring charges of $96 million before-tax were recorded in 1999 for the Registrant's restructuring program. In the second quarter of 1999, the Registrant announced 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 the Burger King and Popeye's franchises. In the fourth quarter of 1999, the Company announced a further restructuring plan, which included an accelerated store closing program in the United States and Asia, corporate headcount reduction and a distribution center shutdown.

In the first quarter of 2000, the Registrant recorded an additional restructuring charge of $5 million related to its non-core businesses. Throughout 2000, the disposition of Randy River Canada, Foot Locker Outlets, Colorado, Going to the Game!, and Weekend Edition and the accelerated store closing programs were essentially completed. In the third quarter of 2000, management decided to continue to operate Team Edition as a manufacturing business, primarily as a result of the resurgence of the screen print business.

In connection with the disposition of several of its non-core businesses, the Registrant reduced sales support and corporate staff by over 30 percent, reduced divisional staff and consolidated the management of Kids Foot Locker and Lady Foot Locker into one organization. In addition, the Registrant closed its Champs Sports distribution center in Maumelle, Arkansas and consolidated its operations with the Foot Locker facility located in Junction City, Kansas. In the first quarter of 2000, the Registrant recorded a reduction to the corporate reserve of $5 million, which related to the agreement to sublease its Maumelle distribution center and sell the associated fixed assets, which had been impaired in 1999, for proceeds of approximately $3 million.

In the second quarter of 2001, the Registrant recorded a restructuring charge of approximately $32 million before-tax, or $22 million after-tax, as a result of the terms of the pending sale of The San Francisco Music Box Company. The sale was completed on November 13, 2001, for cash proceeds of approximately $14 million. In addition, on October 10, 2001, the Registrant closed the sale of assets related to the fifteen Burger King and Popeye's franchises for cash proceeds of approximately $5 million. In connection with these dispositions, the Registrant recorded a restructuring charge of approximately $1 million before-tax in the third quarter of 2001. The remaining reserve balance at November 3, 2001 totaled $9 million, $8 million of which is expected to be utilized within twelve months. Disposition activity related to the reserves is presented below:

NON-CORE BUSINESSES
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
Real estate	$ 4	$ (2)	$ --	$ 2
Asset impairment	--	(30)	30	--
Severance	2	(1)	--	1
Other disposition costs	3	--	3	6
Total	$ 9	$ (33)	$ 33	$ 9

CORPORATE OVERHEAD AND LOGISTICS
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
Severance	$ 2	$ (2)	$ --	$ --

TOTAL RESTRUCTURING RESERVES
(in millions)

	Balance 2/3/2001	Net Usage	Charge (Income)	Balance 11/3/2001
Real estate	$ 4	$ (2)	$ --	$ 2
Asset impairment	--	(30)	30	--
Severance	4	(3)	--	1
Other disposition costs	3	--	3	6
Total	$ 11	$ (35)	$ 33	$ 9

Sales and operating losses, excluding restructuring charges, of the above non-core businesses and under-performing stores included in the consolidated results of operations for the thirteen and thirty-nine weeks ended November 3, 2001 and October 28, 2000, respectively, are presented below.

(in millions)	Thirteen weeks ended November 3, 2001	Thirteen weeks ended October 28, 2000	Thirty-nine weeks ended November 3, 2001	Thirty-nine weeks ended October 28, 2000
Sales	$ 20	$ 28	$ 54	$ 83
Operating loss	$ 5	$ 2	$ 12	$ 13

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 $14 million, $54 million and $31 million, have been reclassified as assets held for disposal in the Consolidated Balance Sheets as of November 3, 2001, October 28, 2000 and February 3, 2001, respectively.

1993 Repositioning and 1991 Restructuring

In the three quarters of 2001, disposition activity reduced the reserve balance by approximately $3 million. The remaining reserve balance of $3 million comprises future lease obligations of $2 million and other facilities-related costs of $1 million.

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 the exercise of stock options and the conversion of convertible long-term debt. The following table reconciles the numerator and denominator used to compute basic and diluted earnings per share for continuing operations.

	Thirteen weeks ended		Thirty-nine weeks ended	
(in millions)	Nov. 3, 2001	Oct. 28, 2000	Nov. 3, 2001	Oct. 28, 2000
Numerator:				
Income from continuing operations..........	$ 33	$ 29	$ 69	$ 65
Effect of Dilution:				
Convertible debt...........................	1	--	2	--
Income from continuing operations assuming dilution...................................	$ 34	$ 29	$ 71	$ 65
Denominator:				
Weighted-average common shares outstanding.	139.8	137.9	139.3	137.7
Effect of Dilution:				
Stock options and awards...................	1.5	1.6	1.3	1.3
Convertible debt...........................	9.5	--	5.1	--
Weighted-average common shares assuming dilution...................................	150.8	139.5	145.7	139.0

Options to purchase 2.0 million and 3.1 million shares of common stock were not included in the computation for the thirteen and thirty-nine weeks ended November 3, 2001, respectively, because the exercise price of the options was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss comprised foreign currency translation adjustments of $46 million, $176 million, and $41 million at November 3, 2001, October 28, 2000 and February 3, 2001, respectively. Accumulated other comprehensive loss included a minimum pension liability adjustment of $2 million at October 28, 2000.

Long-Term and Short-Term Debt

On June 8, 2001, the Registrant completed its offering of $125 million of subordinated convertible notes due 2008 and an option to exercise an additional $25 million was completed by July 9, 2001. The notes bear interest at 5.50% and are convertible into the Registrant's common stock at the option of the holder, at a conversion price of $15.806 per share. The net proceeds of the proposed offering are being used for working capital and general corporate purposes and to reduce reliance on bank financing. The registration of the notes on Form S-3 became effective on August 1, 2001. Simultaneous with this offering, the Registrant amended and restated its $300 million revolving credit agreement to a reduced $190 million three-year facility. During the third quarter, the Registrant repaid the $50 million 6.98% medium-term notes that matured during October in addition to purchasing and retiring $6 million of the $40 million 7.00% medium-term notes payable in October 2002.

Segment Information

Sales and operating results for the Registrant's reportable segments for the thirteen and thirty-nine weeks ended November 3, 2001 and October 28, 2000, respectively, are presented below. Operating results reflect income from continuing operations before income taxes, excluding corporate expense, corporate gains and net interest expense.

Sales:

(in millions)	Thirteen weeks ended November 3, 2001	Thirteen weeks ended October 28, 2000	Thirty-nine weeks ended November 3, 2001	Thirty-nine weeks ended October 28, 2000
Athletic Stores	$ 999	$ 987	$ 2,940	$ 2,849
Direct to Customers	85	75	230	191
	1,084	1,062	3,170	3,040
All Other (1)	20	23	54	60
	$ 1,104	$ 1,085	$ 3,224	$ 3,100

Operating Results:

(in millions)	Thirteen weeks ended November 3, 2001	Thirteen weeks ended October 28, 2000	Thirty-nine weeks ended November 3, 2001	Thirty-nine weeks ended October 28, 2000
Athletic Stores (2)	$ 69	$ 74	$ 206	$ 186
Direct to Customers	8	3	13	(5)
	77	77	219	181
All Other (1)	(6)	(6)	(45)	(19)
Operating profit	71	71	174	162
Corporate expense (3)	12	19	48	40
Interest expense, net	8	5	18	16
Income from continuing operations before income taxes	$ 51	$ 47	$ 108	$ 106

(1) All formats presented as "All Other" were disposed at November 3, 2001. Restructuring charges included were $1 million and $33 million for the thirteen and thirty-nine weeks ended November 3, 2001, respectively and $4 million and $9 million for the thirteen and thirty-nine weeks ended October 28, 2000.

(2) The thirty-nine weeks ended October 28, 2000 includes a $3 million reduction in the 1999 second quarter restructuring charge, offset by a $2 million restructuring charge.

(3) Thirty-nine weeks ended October 28, 2000 includes a $5 million reduction in the 1999 fourth quarter restructuring charge.

Business Combinations, Goodwill and Other Intangible Assets

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Intangible Assets" ("SFAS No. 142"). SFAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations and requires all business combinations initiated or completed after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed annually (or more frequently if impairment indicators arise) for impairment. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives (but with no maximum life). The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. Amortization expense related to goodwill was $8 million and $6 million for the year ended February 3, 2001 and the thirty-nine weeks ended November 3, 2001, respectively. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the Registrant is required to adopt SFAS No. 142 effective as of the beginning of fiscal 2002 and is currently evaluating the impact on its results of operations and financial position.

Asset Retirements, Dispositions and Impairments of Long-Lived Assets

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which will be effective for fiscal years beginning after June 15, 2002, although earlier adoption is encouraged. The Registrant intends to adopt it as of the beginning of fiscal year 2002. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The initial amount to be recognized will be at its fair value. The liability will then be discounted and accretion expense will be recognized using the credit-adjusted risk-free interest rate in effect when the liability is initially recognized.

Lastly, in August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-lived Assets to Be Disposed Of," as well as the accounting and reporting requirements of APB Opinion No. 30 "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events." The Statement is effective for financial statements issued for fiscal years beginning after December 15, 2001 and for interim periods within those fiscal years. The Registrant intends to adopt the provisions as of the beginning of fiscal year 2002. The pronouncement now provides for a single accounting model for reporting long-lived assets to be disposed of by sale.

The Registrant is currently evaluating the impact of the adoption of SFAS No. 143 and SFAS No. 144 on its results of operations and financial position.

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 The San Francisco Music Box Company, Foot Locker Outlets, Going To The Game!, Randy River Canada, Burger King and Popeye's franchises and Foot Locker Asia. As discussed in the footnotes to the Condensed Consolidated Financial Statements, the Registrant discontinued its Northern Group segment in the fourth quarter of 2000. Accordingly, prior year financial statements have been restated to present this business segment as a discontinued operation.

NAME CHANGE

The Registrant (formerly known as Venator Group, Inc.) changed its name to Foot Locker, Inc. effective November 1, 2001.

RESULTS OF OPERATIONS

Sales of $1,104 million for the third quarter of 2001 increased 1.8 percent from sales of $1,085 million for the third quarter of 2000. For the thirty-nine weeks ended November 3, 2001, sales of $3,224 million increased 4.0 percent from sales of $3,100 million for the thirty-nine weeks ended October 28, 2000. These increases were primarily attributable to the improved sales performance of ongoing formats. Excluding the effect of foreign currency fluctuations and sales from businesses disposed and held for disposal, sales increased 2.0 percent and 5.1 percent for the third quarter and year-to-date periods of 2001, respectively, as compared with the corresponding prior-year periods, reflecting increases of 5.6 percent and 5.9 percent in comparable-store sales.

Gross margin, as a percentage of sales, of 29.6 percent in the third quarter of 2001 and 29.7 percent for the thirty-nine weeks ended November 3, 2001, declined by 120 basis points for the quarter and was relatively flat for the thirty-nine week period as compared with 30.8 percent and 29.8 percent, respectively, in the corresponding prior-year periods. The decline during the quarter is mainly attributable to an increase in promotions and additional markdowns taken to continue to generate sales after the events of September 11th.

Selling, general and administrative expenses ("SG&A") of $229 million declined by 150 basis points to 20.7 percent of sales in the third quarter of 2001 as compared with 22.2 percent in the corresponding prior-year period. SG&A of $687 million for the thirty-nine weeks ended November 3, 2001, declined approximately 130 basis points to 21.3 percent of sales. These declines reflect the operating efficiencies achieved by the ongoing store-base in the three quarters of 2001 as compared with a year earlier, as a result of previous cost-cutting initiatives and restructuring programs, which were stepped up as a result of the events of September 11th. SG&A included income related to the Registrant's pension and postretirement obligations of $5 million and $8 million, respectively, for the thirteen and thirty-nine weeks ended November 3, 2001, as compared with $3 million and $5 million for the corresponding prior-year periods. The increased income primarily reflects a change related to the postretirement obligation in the third quarter of 2001. New retirees will be charged the full expected cost of the medical plan and existing retirees will incur 100 percent of the expected future increase in medical plan costs. For the thirty-nine weeks ended October 28, 2000, SG&A also included one-time Internet costs of approximately $4 million related to website development.

Interest expense of $9 million declined by 10.0 percent for the thirteen weeks ended November 3, 2001 and by 12.9 percent to $27 million for the thirty-nine weeks ended November 3, 2001, as compared with the corresponding prior-year periods. The decrease is primarily due to reduced short-term interest expense as there were no outstanding borrowings under the revolving credit agreement during substantially all of 2001. Interest income amounted to $1 million for the thirteen weeks ended November 3, 2001 and $5 million for the thirteen weeks ended October 28, 2000, which included intercompany interest income related to the Northern Group segment of $3 million. For the year-to-date period, interest income totaled $9 million in 2001 and $15 million in 2000 and included intercompany interest income related to the Northern Group segment of $5 million and $7 million, respectively. The offsetting interest expense was included in the loss from discontinued operations through the measurement date for 2000 and subsequently, in 2001, was charged to the reserve for discontinued operations. Interest income related to income tax settlements and refunds of $1 million and $2 million was also included in the three quarters of 2001 and 2000, respectively.

During the second quarter of 2001, the Registrant recorded a $6 million tax credit related to a state income tax settlement, partially offset by a $2 million charge from the impact of Canadian tax rate reductions on existing deferred tax assets. In the third quarter of 2001, the Registrant recorded state and local income tax settlements of $1 million. The combined effect of these credits, in addition to higher earnings in lower tax jurisdictions and the utilization of tax loss carryforwards offset, in part, by the impact of non-deductible goodwill in the second quarter, reduced the effective tax rate for the thirty-nine weeks ended November 3, 2001 to 35.7 percent as compared with 39.0 percent for the 2000 year-to-date period. The effective tax rate for the thirteen weeks ended November 3, 2001 was 34.4 percent as compared with 39.0 percent for the 2000 third quarter. The Registrant expects the effective tax rate to be 38.0 percent for the fourth quarter of 2001.

Income from continuing operations of $33 million, or $0.23 per diluted share, for the thirteen weeks ended November 3, 2001, improved by $0.02 per diluted share from $29 million for the thirteen weeks ended October 28, 2000, and increased to $69 million from $65 million, or $0.49 and $0.46 per diluted share, for the thirty-nine weeks ended November 3, 2001 and October 28, 2000, respectively. Income from continuing operations for the 2001 year-to-date period included restructuring charges of $23 million after-tax or $0.16 per diluted share. For the quarter ended November 3, 2001, the Registrant reported net income of $33 million, or $0.23 per diluted share, compared with net income of $25 million, or $0.18 per diluted share for the corresponding prior-year period, which included a $4 million loss from discontinued operations, or $0.03 per diluted share. Net income of $56 million, or $0.40 per diluted share, for the thirty-nine weeks ended November 3, 2001 included a loss on disposal of discontinued operations of $13 million, or $0.09 per diluted share. Net income of $48 million, or $0.34 per diluted share, for the corresponding prior-year period included a $16 million loss from discontinued operations or $0.11 per diluted share, and a $1 million charge, or $0.01 per diluted share for the cumulative effect of the change in accounting.

STORE COUNT

The following table summarizes store count, after reclassification for businesses disposed and held for disposal. During the thirty-nine weeks ended November 3, 2001, the Registrant remodeled or relocated 143 ongoing stores.

	Feb. 3, 2001	Opened	Closed	Nov. 3, 2001	Oct. 28, 2000
Athletic Stores..................	3,582	62	76	3,568	3,615
Disposed and held for disposal...	170	12	20	162(1)	176
Total	3,752	74	96	3,730	3,791

(1) Reflects The San Francisco Music Box Company stores which were sold on November 13, 2001.

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		Thirty-nine weeks ended	
	November 3, 2001	October 28, 2000	November 3, 2001	October 28, 2000
Athletic Stores.....................	$ 999	$ 987	$ 2,940	$ 2,848
Direct to Customers.................	85	75	230	191
	1,084	1,062	3,170	3,039
Disposed and held for disposal........	20	23	54	61

Total sales	$ 1,104	$ 1,085	$ 3,224	$ 3,100

Athletic Stores sales increased by 1.2 percent and by 3.2 percent, respectively, reflecting comparable-store sales increases of 4.9 percent and 5.1 percent, respectively. Footwear, basketball in particular, continued to drive the sales growth across most formats, as the number of launches of marquee and exclusive footwear products was increased throughout the thirty-nine weeks of 2001. Despite the sales increases achieved by most formats, Foot Locker Europe in particular, sales were lower than planned for the third quarter of 2001. Although August sales exceeded the plan, the tragic events of September 11th resulted in a decline in consumer purchasing for the remainder of September and the beginning part of October. In addition, the third quarter of 2001 was also negatively impacted by a one-week calendar shift, which resulted in one week of the back-to-school period that would normally fall in the third quarter, falling in the second quarter. Apparel sales were also beginning to return to the level existing prior to September 11th toward the latter part of October and reflected a balanced mix of branded, licensed and private label products.

Direct to Customers sales increased by 13.3 percent and by 20.4 percent for the thirteen and thirty-nine weeks ended November 3, 2001 as compared with the corresponding prior-year periods. Catalog sales of $60 million were flat for the third quarter of 2001 and increased by 5.1 percent to $165 million for the year-to-date period. Internet sales increased by 66.7 percent and 91.2 percent for the thirteen and thirty-nine weeks ended November 3, 2001 to $25 million and $65 million, respectively, as compared with the corresponding periods in 2000.

The Registrant expects to meet its sales plan for the fourth quarter of 2001 by continuing to promote its products aggressively in what it expects will be a highly competitive retail environment.

OPERATING RESULTS

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

(in millions)	Thirteen weeks ended		Thirty-nine weeks ended	
	November 3, 2001	October 28, 2000	November 3, 2001	October 28, 2000
Athletic Stores......................	$ 69	$ 74	$ 206	$ 187
Direct to Customers..................	8	3	13	(5)
	77	77	219	182
Disposed and held for disposal.......	(5)	(2)	(12)	(12)
Restructuring charges................	(1)	(4)	(33)	(8)
Total operating profit...............	$ 71	$ 71	$ 174	$ 162

Athletic Stores operating profit decreased by 6.8 percent for the 2001 third quarter and increased by 10.2 percent for the 2001 year-to-date period. The decrease in the third quarter of 2001 is primarily a result of the tragic events of September 11th, which temporarily curtailed customer purchasing. Lower than planned sales and increased markdowns resulted in reduced gross margin rate performances, which were offset, in part, by operating expense reductions. Operating profit, as a percentage of sales, decreased to 6.9 percent in the third quarter of 2001 from 7.5 percent in the corresponding prior-year period and increased to 7.0 percent from 6.6 percent for the year-to-date period. Sales and gross margin rates for Lady Foot Locker have been disappointing in 2001. Management has implemented various merchandising strategies in an effort to improve future performance.

Direct to Customers operating results improved by $5 million and $18 million, respectively, for the thirteen and thirty-nine weeks ended November 3, 2001, as compared with the corresponding periods ended October 28, 2000. The thirty-nine weeks ended October 28, 2000 included one-time Internet development costs of approximately $4 million. The improved operating performance in 2001 was driven primarily by the Internet business.

In the second quarter of 2001, the Registrant recorded a restructuring charge of approximately $32 million before-tax, or $22 million after-tax, as a result of the pending sale of The San Francisco Music Box Company, which closed on November 13, 2001. On October 10, 2001, the Registrant closed the sale of assets related to the fifteen Burger King and Popeye's franchises and during the third quarter of 2001, the Registrant recorded a restructuring charge of approximately $1 million before-tax as a result of these sales. Related to the disposition of these and other restructured businesses, the Registrant recorded charges of $4 million and $8 million in the third quarter and year-to-date period of 2000.

STRATEGIC DISPOSITIONS AND REPOSITIONING

On September 28, 2001, the Registrant completed the stock transfer of the Northern Group stores in Canada, through one of its wholly-owned subsidiaries for approximately CAD$59 million (approximately US$38 million) which was paid in the form of a note (the "Note"). The net amount of the assets and liabilities of the former operations have been written down to the estimated fair value of the Note. The purchaser will operate the Northern Group stores, from which the repayment of the Note will be made. The transaction has been accounted for as a "transfer of assets and liabilities under contractual arrangement" as no cash proceeds were received and the consideration comprised the Note, the repayment of which is dependent on the future successful operations of the business. The assets and liabilities related to the former operations have been presented under the balance sheet captions as "Assets of business transferred under contractual arrangement (note receivable)" and "Liabilities of business transferred under contractual arrangement.

The Note is required to be repaid upon the occurrence of "payment events," as defined in the purchase agreement, but no later than September 28, 2008, when the initial payment is due. Interest will accrue at 7% annually beginning on September 28, 2002 and is to be paid semi-annually. Additional payments to the Registrant may be required in accordance with the agreement through September 28, 2026 should a payment event occur.

The purchaser agreed to obtain a revolving line of credit with a lending institution, satisfactory to the Registrant, in an amount not less than CAD$25 million (approximately US$17 million.) The Registrant also entered into a credit agreement with the purchaser to provide a revolving credit facility to be used to fund its working capital needs. The facility is available up to a maximum of CAD$5 million (approximately US$3 million) and will expire on December 31, 2002. The Registrant has subordinated its interest to permitted encumbrances as defined in the credit agreement.

The sale of The San Francisco Music Box Company was completed on November 13, 2001, for cash proceeds of approximately $14 million. In addition, on October 10, 2001, the Registrant closed the sale of assets related to the fifteen Burger King and Popeye's franchises for cash proceeds of approximately $5 million.

LIQUIDITY AND CAPITAL RESOURCES

Generally, 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. As noted below, the Registrant raised $150 million in cash through the issuance of subordinated convertible notes. The Registrant generally finances real estate with operating leases. The principal use of cash has been to finance inventory requirements, capital expenditures related to store openings, store remodelings and management information systems, and to fund other general working capital.

Operating activities of continuing operations used cash of $8 million and $9 million, respectively, for the thirty-nine weeks ended November 3, 2001 and October 28, 2000. These amounts reflect the income from continuing operations reported by the Registrant in those periods, adjusted for non-cash items and working capital changes.

Net cash used in investing activities of continuing operations of $69 million and $54 million for the thirty-nine weeks of 2001 and 2000, respectively, primarily reflected capital expenditures. Planned capital expenditures of $110 million and lease acquisition costs of $20 million for 2001 comprise $100 million for new store openings and remodeling of existing stores, and $30 million for management information systems, logistics and other support facilities. Proceeds from the sale of investments comprise the sale of the Burger King and Popeye's franchises for $5 million in the third quarter of 2001 and $7 million related to the demutualization of MetLife in the second quarter of 2000.

Financing activities for the Registrant's continuing operations provided cash of $90 million for the thirty-nine weeks ended November 3, 2001 compared to cash used in financing activities of $30 million for the corresponding prior-year period. On June 8, 2001, the Registrant completed its offering of $125 million of subordinated convertible notes due 2008 and an option to exercise an additional $25 million was completed by July 9, 2001. The notes bear interest at 5.50% and are convertible into the Registrant's common stock at the option of the holder, at a conversion price of $15.806 per share. The net proceeds of the proposed offering are being used for working capital and general corporate purposes and to reduce reliance on bank financing. The registration of the notes on Form S-3 became effective on August 1, 2001. Simultaneous with this offering, the Registrant amended and restated its $300 million revolving credit agreement to a reduced $190 million three-year facility. During the third quarter, the Registrant repaid the $50 million 6.98% medium-term notes that matured during October in addition to purchasing and retiring $6 million of the $40 million 7.00% medium-term notes payable in October 2002.

During the first half of 2000, the Registrant purchased $13 million of its $200 million 7.00% debentures and on June 1, 2000, the remaining balance of $87 million was repaid. There were no short-term borrowings outstanding during substantially all of the thirty-nine weeks of 2001, whereas outstanding borrowings under the Registrant's revolving credit agreement amounted to $140 million at October 28, 2000, an increase of $69 million for the thirty-nine weeks of 2000. 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 includes the Northern Group loss from discontinued operations in 2000, the change in assets and liabilities of the discontinued segments and disposition activity charged to the reserves for both periods presented.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Intangible Assets" ("SFAS No. 142"). SFAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations and requires all business combinations initiated or completed after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed annually (or more frequently if impairment indicators arise) for impairment. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives (but with no maximum life). The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. Amortization expense related to goodwill was $8 million and $4 million for the year ended February 3, 2001 and the nine months ended November 3, 2001, respectively. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the Registrant is required to adopt SFAS No. 142 effective as of the beginning of fiscal 2002.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which will be effective for fiscal years beginning after June 15, 2002, although earlier adoption is encouraged. The Registrant intends to adopt it as of the beginning of fiscal year 2002. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The initial amount to be recognized will be at its fair value. The liability will then be discounted and accretion expense will be recognized using the credit-adjusted risk-free interest rate in effect when the liability is initially recognized.

Lastly, in August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-lived Assets to Be Disposed Of," as well as the accounting and reporting requirements of APB Opinion No. 30 "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events." The Statement is effective for financial statements issued for fiscal years beginning after December 15, 2001 and for interim periods within those fiscal years. The Registrant intends to adopt the provisions as of the beginning of fiscal year 2002. The pronouncement now provides for a single accounting model for reporting long-lived assets to be disposed of by sale.

The Registrant is currently evaluating the impact of SFAS No. 142, SFAS No. 143 and SFAS No. 144 on its results of operation and financial position.

IMPACT OF EUROPEAN MONETARY UNION

The European Union comprises 15 member states, 12 of which adopted a common currency, the "euro." From January 1, 1999 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 February 28, 2002.

The Registrant has substantially completed the necessary modifications to its information systems, accounting systems, vendor payments and human resource systems. Completion of the testing of the upgrades and modification of the point of sale hardware and software systems are in progress and are expected to be finalized throughout the remainder of 2001.

The adoption of a single European currency will lead to greater product pricing transparency and a more competitive environment. The Registrant currently displays the euro equivalent price of merchandise, as do many retailers. 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, but not limited to, such things as future capital expenditures, expansion, strategic plans, 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, but not limited to, customer demand, fashion trends, competitive market forces, uncertainties related to the effect of competitive products and pricing, customer acceptance of the Registrant's merchandise mix and retail locations, economic conditions worldwide, effects of currency fluctuations, the ability of the Registrant to execute its business plans effectively with regard to each of its operating units, the ability of the Registrant to implement, in a timely manner, the programs and actions related to the euro issue and uncertainties arising out of the events of September 11, 2001 and their aftermath, including, but not limited to, effects on consumer spending, effects on customer willingness to frequent shopping malls and other shopping areas, and effects on the Company's ability to receive, on a timely basis and without disruption, merchandise manufactured outside of the country in which the Company sells it. Any changes in such assumptions or factors could produce significantly different results. The Registrant undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

PART II - OTHER INFORMATION

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 material effect on the Registrant's consolidated financial position, liquidity, or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

Information on the results of a special meeting of shareholders of the Registrant held on November 1, 2001 is incorporated herein by reference to the Registrant's Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2001.

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 page 21. 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 November 1, 2001 (date of earliest event reported) reporting its name change to Foot Locker, Inc.

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.

FOOT LOCKER, INC.

(Registrant)

Date: December 18, 2001

/s/ Bruce Hartman

BRUCE HARTMAN
Senior Vice President
and Chief Financial Office

FOOT LOCKER, 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
12	Computation of Ratio of Earnings to Fixed Charges.
15	Letter re: Unaudited Interim Financial Statements.
99	Independent Accountants' Review Report.

EXHIBIT 12

FOOT LOCKER, INC.

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

	Thirty-nine weeks ended		Fiscal Year Ended				
	Nov. 3, 2001	Oct. 28, 2000	Feb. 3, 2001	Jan. 29, 2000	Jan. 30, 1999	Jan. 31, 1998	Jan. 25, 1997
NET EARNINGS							
Income from continuing operations	$ 69	$ 65	$ 107	$ 59	$ 14	$ 185	$ 185
Income tax expense (benefit)	39	41	69	38	(28)	104	124
Interest expense, excluding capitalized interest	27	31	41	65	57	41	53
Portion of rents deemed representative of the interest factor (1/3)	116	129	155	170	161	146	140
	$ 251	$ 266	$ 372	$ 332	$ 204	$ 476	$ 502
FIXED CHARGES							
Gross interest expense	$ 27	$ 32	$ 42	$ 67	$ 64	$ 41	$ 53
Portion of rents deemed representative of the interest factor (1/3)	116	129	155	170	161	146	140
	$ 143	$ 161	$ 197	$ 237	$ 225	$ 187	$ 193
RATIO OF EARNINGS TO FIXED CHARGES	1.8	1.7	1.9	1.4	0.9	2.5	2.6

Earnings were not adequate to cover fixed charges by $21 million for the fiscal year ended January 30, 1999.

EXHIBIT 15

Accountants' Acknowledgment

Foot Locker, 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, 333-33120, 333-41056 and 333-41058 on Form S-8 and Numbers 33-43334, 33-86300 and 333-64930 on Form S-3

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 21, 2001 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
December 18, 2001

EXHIBIT 99

Independent Accountants' Review Report

The Board of Directors and Shareholders
Foot Locker, Inc.:

We have reviewed the accompanying condensed consolidated balance sheets of Foot Locker, Inc. and subsidiaries as of November 3, 2001 and October 28, 2000, and the related condensed consolidated statements of operations and comprehensive income for the thirteen and thirty-nine week periods ended November 3, 2001 and October 28, 2000 and cash flows for the thirty-nine week periods ended November 3, 2001 and October 28, 2000. These condensed consolidated financial statements are the responsibility of Foot Locker, 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 auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Foot Locker, Inc. and subsidiaries as of February 3, 2001, 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 7, 2001, 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 February 3, 2001, 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
November 21, 2001