FOOT LOCKER, INC.
Form PRE 14A
March 23, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement

o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

FOOT LOCKER, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ANNUAL MEETING
OF SHAREHOLDERS

Proxy Statement

330 West 34th Street
New York, New York 10001

Chairman's Letter to our Shareholders

April 7, 2017

Dear Fellow Shareholders:

I am pleased to invite you to Foot Locker, Inc.'s Annual Meeting of Shareholders on May 17, 2017 at NYC33, located at 125 West 33rd Street, New York, New York 10001, at 9:00 a.m., Eastern Daylight Time.

You are being asked to vote on the following proposals at the Annual Meeting:

- Elect eleven members to the Board of Directors to serve for one-year terms;
- Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year;
- Approve an amendment to the By-Laws to adopt majority voting in uncontested elections of directors;
- Approve an amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated;
- Approve, on an advisory basis, our named executive officers' compensation; and
- Transact such other business as may properly come before the meeting and at any adjournment or postponement.

If you plan to attend the meeting, please see Page 91 for admission requirements. Regardless of whether you attend the meeting, your vote is important to us, so please vote your shares. For instructions on how to vote, please see Page 90 of this Proxy Statement.

Thank you for being a shareholder and for the trust you have in Foot Locker, Inc.

Sincerely,

Richard A. Johnson

Chairman and Chief Executive Officer

330 West 34th Street
New York, New York 10001

Notice of 2017 Annual Meeting of Shareholders

Date and Time:	May 17, 2017 at 9:00 a.m., Eastern Daylight Time (“EDT”)
Location:	NYC33, 125 West 33rd Street, New York, New York 10001 (please see Page 92 for directions to the location of the 2017 Annual Meeting of Shareholders)
Record Date:	Shareholders of record as of March 20, 2017 can vote at this meeting.
Items of Business:	· Elect eleven members to the Board of Directors (the “Board”) to serve for one-year terms · Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year · Approve an amendment to the By-Laws to adopt majority voting in uncontested elections of directors · Approve an amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated · Approve, on an advisory basis, our named executive officers’ compensation · Transact such other business as may properly come before the meeting and at any adjournment or postponement
Proxy Voting:	Your vote is important to us. Whether or not you plan to attend the 2017 Annual Meeting in person, please promptly vote by telephone or by Internet, or by completing, signing, dating, and returning your proxy card or vote instruction form so your shares will be represented at the 2017 Annual Meeting.

Sheilagh M. Clarke
Secretary

April 7, 2017

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 17, 2017

The Company’s Proxy Statement and 2016 Annual Report on Form 10-K are available at http://materials.proxyvote.com/344849.

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330 West 34th Street
New York, New York 10001

Proxy Statement Summary

We provide this summary of our Notice of 2017 Annual Meeting of Shareholders and Proxy Statement. Proxies are being solicited by the Board of Directors of Foot Locker, Inc. ("Foot Locker," the "Company," "we," "our," or "us") to be voted at our 2017 Annual Meeting of Shareholders. As this is a summary, please refer to the complete Proxy Statement.

2017 Annual Meeting of Shareholders

Date and Time:

May 17, 2017
at 9:00 a.m. EDT

Location:

NYC33

125 West 33rd Street
New York, New York 10001

Record Date:

March 20, 2017

Proposal	Board's Voting Recommendation	Page
Proposal 1 Election of eleven directors to serve for one-year terms	FOR EACH NOMINEE	1
Proposal 2 Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2017 fiscal year	FOR	79
Proposal 3 Approval of an amendment to the By-Laws to adopt majority voting in uncontested elections of directors	FOR	81
Proposal 4 Approval of an amendment to the Foot Locker Annual Incentive Compensation Plan, as Amended and Restated	FOR	82
Proposal 5 Advisory approval of our named executive officers' compensation	FOR	85

On or about April 7, 2017, we started mailing to most of our shareholders in the United States a Notice Regarding the Availability of Proxy Materials.

Director Nominees

Eleven directors are standing for election at this meeting for one-year terms. Mr. DiPaolo will be retiring from the Board when his term expires at the conclusion of the 2017 Annual Meeting in accordance with the retirement policy for directors. The table below provides summary information about each of the nominees for director. Please see Pages 3 through 9 for additional information about each nominee and Pages 18 through 20 for additional information about the Committees of the Board.

Name and Primary Occupation	Age*	Director Since	Independent	Other Public Company Boards	Committee Membership**				
					Audit	Finance	Compensation	Nominating	Executive
Maxine Clark Founder, Retired Chairman and Chief Executive Bear of Build-A-Bear Workshop, Inc.	68	2013		Build-A-Bear Workshop, Inc. Gymboree Corp.	1	1			
Alan D. Feldman Retired Chairman, President and Chief Executive Officer of Midas, Inc.	65	2005		GNC Holdings, Inc. John Bean Technologies Corporation		1			1
Jarobin Gilbert, Jr. President and Chief Executive Officer of DBSS Group, Inc.	71	1981		None	1			1	
Richard A. Johnson Chairman, President and	59	2014		H&R Block Inc.					

Chief Executive Officer of Foot Locker, Inc.						
Guillermo G. Marmol President of Marmol & Associates	64	2011	Vitamin Shoppe, Inc.		1	1
Matthew M. McKenna Executive in Residence of Georgetown University, McDonough School of Business	66	2006	None	1		1

Name and Primary Occupation	Age*	Director Since	Independent	Other Public Company Boards	Committee Membership** Audit	Finance	Compensation	Nominating	Executive
Steven Oakland Vice Chair and President, U.S. Food and Beverage of The J.M. Smucker Company	56	2014		None			l		l
Ulice Payne, Jr. President and Managing Member of Addison-Clifton, LLC	61	2016		ManpowerGroup Inc. The Northwestern Mutual Life Insurance Company WEC Energy Group, Inc.	l			l	
Cheryl Nido Turpin Retired President and Chief Executive Officer of the Limited Stores	69	2001		None			l	l	
Kimberly Underhill Global President of	52	2016		None		l	l		

Kimberly-Clark Professional						
Dona D. Young Retired Chairman, President and Chief Executive Officer of The Phoenix Companies, Inc.	63	2001	Aegon N.V.	l	l	l

Committee Chair
• Committee Member
* The ages shown are as of April 7, 2017.
** See Pages 18 through 20 for additional information about the Committees of the Board.

Board Attendance

2016

99%

Attendance of Directors at Board and Committee Meetings in 2016

Board Composition*

Diversity Independence

64% are female or ethnically diverse	**4** are women	**2** are African American **1** is Hispanic

All directors are independent, except the CEO (10 out of 11 directors are independent)

Board Refreshment*

Refreshment Tenure Age

7 new directors added and **5** directors retired over past **6** years

Foot Locker Policy: Retirement age 72

* As of May 17, 2017.

Named Executive Officers

Richard A. Johnson	Chairman, President and Chief Executive Officer
Lauren B. Peters	Executive Vice President and Chief Financial Officer
Stephen D. Jacobs	Executive Vice President and Chief Executive Officer—North America
Lewis P. Kimble	Executive Vice President and Chief Executive Officer—International
Paulette R. Alviti	Senior Vice President and Chief Human Resources Officer

Fiscal 2016 Results

Our 2016 fiscal year was a very strong year for Foot Locker. The power and relevance of our strategic initiatives, as well as our team's outstanding execution of them, can be seen in the financial success we achieved in 2016, as shown in this brief list of highlights:

- Sales totaled $7.8 billion, the most in our history as an athletic company;
- Full-year comparable store sales gain of 4.3%, our seventh consecutive year of significant sales growth;
- Operating income reached $1 billion, the first time our Company has attained this milestone;
- Gross margin and operating expense rates both improved, as did our rate of EBIT,* which reached a record 13%;
- Earned net income of $4.82 per share, on a non-GAAP* basis, a 12% increase over 2015;
- Invested $254 million in our business to drive future growth; and
- Total Shareholder Return (stock price appreciation plus reinvested dividends) was 3.2%, which positioned us at the 77th percentile versus our peer group.

*A reconciliation to GAAP is provided on Pages 16 through 18 of our 2016 Annual Report on Form 10-K.

Proposal 1: Election of Directors

General

There are currently 12 directors on our Board. Nicholas DiPaolo will be retiring when his term expires at the conclusion of this Annual Meeting, and the Board has fixed the number of directors at 11 effective at such time. At our 2014 Annual Meeting, shareholders approved a proposal to declassify the Board beginning in 2015. Consequently, this year all current directors other than Mr. DiPaolo are standing for election for a one-year term at this meeting.

We have refreshed our Board over the past six years, as seven highly-qualified directors were added to the Board and five directors will have retired as of the Annual Meeting. We believe that the Board possesses the appropriate mix of diversity in terms of gender, age, ethnicity, skills, business experience, service on our Board and the boards of other organizations, and viewpoints.

Nominees

Our Nominating and Corporate Governance Committee (the “Nominating Committee”) is responsible for recommending director candidates to fill current and anticipated Board vacancies. The Nominating Committee identifies and evaluates potential candidates from recommendations from the Company’s directors, management, shareholders, and other outside sources, including professional search firms. In evaluating proposed candidates, the Nominating Committee may review their résumés, obtain references, and conduct personal interviews. The Nominating Committee considers, among other factors, the Board’s current and future needs for specific skills and the candidate’s experience, leadership qualities, integrity, diversity, ability to exercise judgment, independence, and ability to make the appropriate time commitment to the Board. The Nominating Committee strives to ensure the Board has a rich mix of relevant skills and experiences to address the Company’s needs by our strategic plan.

During 2016, the Nominating Committee conducted a director search for potential director candidates whose experience, skills, qualifications, and independence met the criteria it previously established, and the Nominating Committee reviewed its findings with the Board. In conducting its search, the Nominating Committee collected names of potential candidates from existing Foot Locker directors and engaged SpencerStuart, a third-party search firm, to identify and recruit qualified candidates. After reviewing the qualifications of the potential pool of candidates and narrowing the field to a handful of candidates, our Chairman and our Lead Director interviewed the candidates. Based on the Nominating Committee’s review, the candidates’ résumés, and director interviews with the candidates, the Nominating Committee recommended and the Board approved the nomination of Ulice Payne, Jr. and Kimberly Underhill, each of whom was identified by SpencerStuart.

Maxine Clark, Alan D. Feldman, Jarobin Gilbert, Jr., Richard A. Johnson, Guillermo G. Marmol, Matthew M. McKenna, Steven Oakland, Ulice Payne, Jr., Cheryl Nido Turpin, Kimberly Underhill, and Dona D. Young will be considered for election as directors to serve for one-year terms expiring at the 2018 Annual Meeting. Each nominee has been nominated by the Board for election and has consented to serve. Ms. Clark, Mr. Feldman, Mr. Gilbert, Mr. Johnson, Mr. Marmol, and Mrs. Young were elected to serve for their present terms at the 2016 Annual Meeting; Mr.

McKenna, Mr. Oakland, and Ms. Turpin were elected to serve for their present terms at the 2014 Annual Meeting; and Mr. Payne and Ms. Underhill were elected by the Board on November 16, 2016 to serve for their present terms, effective December 1, 2016. If, prior to the 2017 Annual Meeting, any nominee is unable to serve, then the persons designated as proxies for this meeting (Sheilagh M. Clarke, John A. Maurer, and Lauren B. Peters) will have full discretion to vote for another person to serve as a director in place of that nominee.

Proposal 1

Director Qualifications

The Nominating Committee reviewed and updated the director skill set matrix in light of the Company's 2015-20 long-term strategic plan and evaluated each of the directors' skills, experience, and qualifications under the updated matrix, which is shown on Page 9.

The Board, acting through the Nominating Committee, considers its members, including those directors being nominated for reelection to the Board at the 2017 Annual Meeting, to be highly qualified for service on the Board due to a variety of factors reflected in each director's education, areas of expertise, and experience serving on the boards of directors of other organizations during the past five years. Generally, the Board seeks individuals with broad-based experience, and who have the background, judgment, independence, and integrity to represent the shareholders in overseeing the Company's management in their operation of the business, rather than specific, niche areas of expertise. Within this framework, specific items relevant to the Board's determination for each director are listed in each director's biographical information beginning on Page 3. The ages shown are as of April 7, 2017. There are no family relationships among our directors or executive officers.

The Board recommends that shareholders vote
FOR the election of each of the
eleven identified nominees to the Board.

Proposal 1

Maxine Clark **Independent Director** **Age:** 68 **Director since:** 2013 **Committees:** Audit, Finance	Ms. Clark served as Chief Executive Bear of Build-A-Bear Workshop, Inc. (international retail company) from her founding the company in 1997 to her retirement in June 2013, and served as its Chairman from April 2000 until November 2011. Following her retirement, Ms. Clark served as a consultant to Build-A-Bear Workshop until January 2014. Ms. Clark is a director of Build-A-Bear Workshop, Inc. and Gymboree Corp. She serves as chairwoman of the St. Louis Regional Educational and Public Television Commission (KETC/-Channel 9 Public Television), director of PBS, director of the Barnes-Jewish Hospital in St. Louis, director of the Goldfarb School of Nursing at Barnes-Jewish College, and a board member of the KIPP St. Louis Public Charter School. She is a past trustee of the International Council of Shopping Centers. **Skills and Qualifications** Ms. Clark has extensive experience in both domestic and international retailing, including founding and leading Build-A-Bear Workshop, serving as President of Payless ShoeSource, Inc., and serving for 19 years as an executive of The May Department Stores Company. She adds significant experience to our Board in strategic planning, real estate, digital technology, and marketing. Her retail and business background, as well as her financial expertise, are particularly useful for her service as a member of the Finance and Strategic Planning Committee (the “Finance Committee”). Her service on PBS’s audit committee is helpful for her service on the Audit Committee.
Alan D. Feldman **Independent Director** **Age:** 65 **Director since:** 2005 **Committees:** Compensation (Chair),	Mr. Feldman served as Chairman, President and Chief Executive Officer of Midas, Inc. (automotive repair and maintenance services) from May 2006 to April 2012, and as President and Chief Executive Officer of Midas, Inc. from January 2003 to April 2006. He was an independent consultant from March 2002 to January 2003. Mr. Feldman previously served as an executive at PepsiCo, Inc., Pizza Hut, Inc., and McDonald’s Corporation. Mr. Feldman is a director of John Bean Technologies Corporation and GNC Holdings, Inc. and is a member of the Foundation Board of the University of Illinois. He was a director of Midas, Inc. from January 2003 to April 2012. **Skills and Qualifications** Mr. Feldman is a recognized business leader with a broad base of experience in independent, franchised retail operations, brand management, and customer relations. He previously served as Chairman, President and Chief Executive Officer of Midas, Inc. and currently serves on the boards of two other public companies, John Bean Technologies Corporation and GNC Holdings, Inc. Mr. Feldman’s leadership skills, retail knowledge, financial expertise, and executive experience provide particularly useful background for his service as a member of the Finance Committee and as Chair of the Compensation and Management Resources Committee (the “Compensation Committee”).

Executive,
Finance

Proposal 1

Jarobin Gilbert, Jr.

Mr. Gilbert has served as President and Chief Executive Officer of DBSS Group, Inc. (management, planning, and trade consulting services) since 1992. He served as Non-Executive Chairman of the Atlantic Mutual Companies to 2010. He was a director of PepsiAmericas, Inc. from 1994 to 2010, and a director of Midas, Inc. from 1998 to April 2012.

Independent Director

Age: 71
Director since: 1981
Committees: Audit, Nominating

Skills and Qualifications

Mr. Gilbert has extensive international experience, serving as a business consultant, with particular emphasis on international business arrangements in Europe. During the time he has served on our Board, he has developed considerable knowledge of our businesses, company history, and corporate governance. Mr. Gilbert's multilingual capabilities and multicultural European business background are particularly useful given our global footprint and strategic priority of pursuing European expansion opportunities. He has served on the boards of several public companies, emphasizing in these roles executive succession and diversity, and he chaired the audit committees of PepsiAmericas, Inc. and Midas, Inc. He is a member of The American Council on Germany. Mr. Gilbert's prior board service also includes serving as lead director and non-executive chairman of a mutual insurance company.

Richard A. Johnson

Mr. Johnson has served as the Company's Chairman of the Board since May 2016, and President and Chief Executive Officer since December 2014. Mr. Johnson served as Executive Vice President and Chief Operating Officer from May 2012 to November 2014. He served as Executive Vice President and Group President—Retail Stores from July 2011 to May 2012; President and Chief Executive Officer of Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, and Footaction from January 2010 to June 2011; President and Chief Executive Officer of Foot Locker Europe from August 2007 to January 2010; and President and Chief Executive Officer of Footlocker.com/Eastbay from April 2003 to August 2007. Mr. Johnson has been a director of H&R Block Inc. since September 2015. He was previously a director of Maidenform Brands, Inc. from January 2013 to October 2013.

Chairman, President and Chief Executive Officer

Age: 59
Director since: 2014
Committee: Executive (Chair)

Skills and Qualifications

Mr. Johnson has extensive experience as a retail company executive, including 20 years at the Company. He serves as our Chairman, President and Chief Executive Officer. Mr. Johnson has led all of the Company's major businesses in the United States, International, and Direct-to-Customer and has extensive knowledge of all facets of the Company's business. He has played an integral role in developing and executing the Company's strategic plans. He also has experience serving as a director of a public company through his current service as a director of H&R Block Inc. (including on the audit and compensation committees) and past service at Maidenform Brands, Inc.

Proposal 1

Guillermo G. Marmol

Independent Director

Age: 64
Director since: 2011
Committees: Audit (Chair), Executive, Finance

Mr. Marmol has served as President of Marmol & Associates (consulting firm that provides advisory services and investment capital to early stage technology companies) since March 2007 and, prior to that, from October 2000 to May 2003. He served as Division Vice President and a member of the Executive Committee of Electronic Data Systems Corporation (global technology services company) from June 2003 to February 2007, and as a director and Chief Executive Officer of Luminant Worldwide Corporation (internet professional services company) from July 1998 to September 2000. He served as Vice President and Chair of the Operating Committee of Perot Systems Corporation (information technology and business solutions company) from December 1995 to June 1998. He began his career at McKinsey & Company (management consulting firm) from 1990 to 1995, rising to Senior Partner, and was a leader of the organization and business process redesign practices. Mr. Marmol is a director of Vitamin Shoppe, Inc., Principal Solar Inc., and KERA/KXT North Texas Public Broadcasting Inc., and he is a member of the Board of Trustees and Chair of the Finance Committee of the Center for a Free Cuba. Mr. Marmol was a director of Information Services Group, Inc. from 2012 to 2013.

Skills and Qualifications

Mr. Marmol has a significant background in information technology and systems, which continues to be highly important to the Company as we enhance our technology and systems and build a more powerful digital business to connect with our customers. He also serves as a director of another public company,Vitamin Shoppe, Inc. Through his long tenure as a management consultant focusing on strategic analysis and business processes, he brings valuable knowledge and expertise to his service on the Board and as Chair of the Audit Committee and as a member on the Finance Committee.

Matthew M. McKenna

Independent Director

Age: 66
Director since: 2006
Committees: Audit, Executive, Finance

Mr. McKenna has served as Executive in Residence of Georgetown University's McDonough School of Business since February 2017. He served as Senior Advisor to the U.S. Secretary of Agriculture from July 2013 to January 2017; President and Chief Executive Officer of Keep America Beautiful, Inc. (non-profit community improvement and educational organization) from January 2008 to June 2013; and Senior Vice President of Finance of PepsiCo, Inc. (global snack and beverage company) from August 2001 through December 2007. Mr. McKenna serves on the board of MTC Productions, Inc., a non-profit affiliate of the Manhattan Theater Club. He is also an adjunct professor at Fordham University School of Law in New York City. Mr. McKenna was a director of PepsiAmericas, Inc. from 2001 to 2010.

Skills and Qualifications

Mr. McKenna has extensive legal, corporate taxation and financial expertise, having served as a partner at an international law firm in New York City, and as a senior financial officer of PepsiCo, Inc., which

(Chair)	is particularly useful background for his service as Chair of the Finance Committee and as a member of the Audit Committee. In addition, Mr. McKenna has government experience based on his experience as Senior Advisor to the U.S. Secretary of Agriculture. He also brings the perspective of the non-profit sector from his previous positions as President and Chief Executive Officer of Keep America Beautiful, Inc., Chairman of Ignatian Volunteer Corps., Executive in Residence of Georgetown University, and an adjunct professor at Fordham University.

Proposal 1

Steven Oakland

Independent Director

Age: 56
Director since: 2014
Committees: Compensation, Executive, Nominating (Chair)

Mr. Oakland has served as Vice Chair and President, U.S. Food and Beverage of The J.M. Smucker Company ("Smucker's") (manufacturer of branded food products) since May 2016. He previously served as President, Coffee and Foodservice from April 2015 to April 2016; President, International Food Service of Smucker's from May 2011 to March 2015; and President, U.S. Retail—Smucker's Jif, and Hungry Jack from August 2008 to May 2011. Mr. Oakland has spent most of his career at Smucker's, serving in increasingly senior positions, including General Manager of Smucker's Canadian operations from 1995 to 1999. He also serves on the board of MTD Products, Inc., a privately-held company.

Skills and Qualifications

Mr. Oakland brings to our Board a broad-based business background and extensive experience in domestic and international consumer products operations, with particular strength in customer engagement, marketing, brand-building, and strategic planning. Additionally, Mr. Oakland is actively involved in management resources issues and governance matters as a senior executive of a public company, providing him with relevant expertise as a member of each of the Compensation Committee and Nominating Committee. As a senior executive at Smucker's, Mr. Oakland also has risk management, business development, and mergers and acquisitions experience.

Ulice Payne, Jr.

Independent Director

Age: 61

Director since: 2016

Committees: Audit, Nominating

Mr. Payne has served as President and Managing Member of Addison-Clifton, LLC (global trade compliance advisory services provider) since May 2004. He previously served as a Partner, from February 1998 to September 2002, and as Managing Partner, from 2001 to 2002, of Foley & Lardner, LLP, a Milwaukee-based law firm; and President and Chief Executive Officer of the Milwaukee Brewers Baseball Club from September 2002 to December 2003. Mr. Payne presently serves as a director of ManpowerGroup Inc., The Northwestern Mutual Life Insurance Company, and WEC Energy Group, Inc. He previously served as a director of Badger Meter, Inc.

Skills and Qualifications

Mr. Payne brings to our Board significant managerial, operational, financial, and global experience as a result of many senior positions he has held, including as President and Managing Member of Addison-Clifton, LLC, President and Chief Executive Officer of the Milwaukee Brewers Baseball Club, and as Managing Partner of Foley & Lardner, LLP. He also serves as a director of three other public companies, ManpowerGroup Inc., The Northwestern Mutual Life Insurance Company, and WEC Energy Group, Inc. As Foot Locker is a global company, the Board also benefits from his broad experience in, and knowledge of, international business and global trade compliance. In addition, Mr. Payne's past and present experience on the boards of several public corporations includes service as a member of either the audit or finance committee at each of these companies, which is beneficial to the

Board.

Cheryl Nido Turpin

Ms. Turpin served as President and Chief Executive Officer of the Limited Stores (retail merchants), a division of Limited Brands, Inc., from June 1994 to August 1997. Prior to that, she served as President and Chief Executive Officer of Lane Bryant, a subsidiary of The Limited Stores, Inc., from January 1990 to June 1994. Ms. Turpin served as a director of The Warnaco Group, Inc. from 2004 to February 2013, and as a director of Stage Stores, Inc. from 2010 to 2011.

Independent Director
Age: 69
Director since: 2001
Committees: Compensation, Nominating

Skills and Qualifications

Ms. Turpin brings to our Board long experience as a retail executive, most recently as President and Chief Executive Officer of Limited Stores, where she worked in a multi-divisional retail structure similar to that of our Company. She previously served as a director of two other public companies, The Warnaco Group, Inc. and Stage Stores, Inc., and she served as chair of the compensation committees of those companies. Her strong retail and brand marketing background strongly complements the expertise of the Board, and her past service as chair of the compensation committees of other public retail companies provides particularly useful background for her service on our Compensation Committee.

Kimberly Underhill

Ms. Underhill has served as Global President of Kimberly-Clark Professional, a unit of Kimberly-Clark Corporation (global manufacturer of branded personal care, consumer tissue, and professional healthcare products) since April 2014. She previously served in other senior leadership positions with Kimberly-Clark, including President, Consumer Europe from August 2011 to April 2014;Vice President Country Manager, UK and Ireland from September 2009 to August 2011; and President, North America Group Products, Family Care from October 2006 to August 2009.

Independent Director

Age: 52

Director since: 2016

Committees: Compensation, Finance

Skills and Qualifications

Ms. Underhill brings to our Board a broad-based business background and extensive experience in domestic and international consumer products operations, with particular strength in marketing, brand-building, strategic planning, and international business development. Additionally, Ms. Underhill is actively involved in management resources issues as a senior executive of a public company, which provides relevant expertise to both our Compensation Committee and Finance Committee, of which she is a member. Through her senior executive position at Kimberly-Clark, Ms. Underhill also has international and business development experience.

Proposal 1

Dona D. Young

Independent Lead Director

Age: 63

Director since: 2001

Committees:

Compensation, Executive, Nominating

Mrs. Young retired in April 2009 as Chairman, President and Chief Executive Officer of The Phoenix Companies, Inc. (at the time an insurance and asset management company) after a nearly 30-year career. She currently engages in independent strategic advising and consulting with a focus on corporate social responsibility and board governance issues. She also engages in CEO coaching and counseling. She is a member of the Supervisory Board of Aegon N.V. (multinational life insurance, pension, and asset management company), a trustee of the Saint James School in Saint James, Maryland, and a trustee of Save the Children in Westport, Connecticut where she serves as Vice Chair of the Audit Committee. She has previously served as a director of The Phoenix Companies, Inc., Wachovia Corporation, Sonoco Products Company, and Wittenberg University in Springfield, Ohio.

Skills and Qualifications

Mrs. Young brings significant financial, business, governance, and legal experience to our Board. Her long experience in the financial services sector, including service as both Chief Executive Officer and General Counsel of Phoenix, has exposed Mrs. Young to a number of areas, including financial reporting, leadership and talent development, and risk management. As a board member and former executive, she also has extensive transactional experience, including mergers and acquisitions, divestitures, spin-offs, and restructurings. Mrs. Young's recognized leadership skills and broad corporate governance experience, including with regard to board succession planning, board composition, and executive leadership, are useful for her service as Chair of the Nominating Committee and a member of the Compensation Committee. Mrs. Young serves as a member of the Supervisory Board and a member of both the risk committee and the audit committee of Aegon N.V. Mrs. Young has had experience serving as an independent director on the boards of two other public companies, as well as on the boards of non-profit organizations. Mrs. Young is a faculty member of the National Association of Corporate Directors ("NACD") Board Advisory Services. She was a 2013 NACD Board Leadership Fellow and a 2012 Advanced Leadership Fellow at Harvard University. Mrs. Young was named to the NACD Directorship 100 for 2015.

Proposal 1

Summary of Director Qualifications and Experience

		Maxine Clark	Nicholas DiPaolo(1)	Alan D. Feldman	Jarobin Gilbert, Jr.	Richard A. Johnson	Guillermo G. Marmol	Matthew M. McKenna	Steven Oakla
Leadership	**Chief Executive** experience is important because directors who have served as CEOs of public or substantial privately-held companies have experience working, communicating, and engaging with a variety of important stakeholder groups, including shareholders, bondholders, and investment analysts								
	Broad-Based Business expertise provides a depth of experience to leverage in evaluating issues, and making business judgments								
	Digital and Channel Connectivity experience is important to the Company as we build a more								

	powerful digital experience for our customers **Information Security** experience is relevant given the importance of protecting both the Company's and our customers' information **International** experience is important in understanding and reviewing our business and strategy outside of the United States, particularly in Europe as it is a strategic priority
Strategy	**Retail, Brand Marketing, and Social Media** experience gives directors a practical understanding of assessing, developing, and implementing our marketing and customer engagement strategies **Strategic Planning and Analysis** experience provides a practical understanding of assessing, developing, and implementing the metrics of our long-term

	financial objectives and strategic priorities
	Target Market experience is important to understand our business and strategy as our brands keenly focus on their target customers
	Technology and Systems experience is important given the importance of technology to the retail marketplace, our internal operations, and our customer engagement initiatives
	Accounting or Financial expertise gained from experience as a CEO, audit professional, or finance executive is important because it assists our directors in understanding and overseeing our financial reporting and internal controls
Governance	**Business Development / Mergers and Acquisitions** experience is important because it helps in assessing potential growth

opportunities
Risk Management experience is helpful to the Board's role in overseeing the risks facing the Company

(1) Mr. DiPaolo is not standing for reelection as a director and will retire from the Board following the 2017 Annual Meeting of Shareholders.

Corporate Governance

The Board is committed to good corporate governance and has adopted Corporate Governance Guidelines and other policies and practices to guide the Board and senior management.

Board Diversity

We believe that the Board possesses the appropriate mix of diversity in terms of gender, age, ethnicity, skills, business experience, service on our Board and the boards of other organizations, and viewpoints. We have refreshed our Board over the past six years, as seven highly-qualified directors were added to the Board, and five directors will have retired as of this Annual Meeting.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines. The Board periodically reviews the guidelines and revises them, as appropriate. The Corporate Governance Guidelines are available on the corporate governance section of the Company's corporate website at www.footlocker.com/corpgov. You may also obtain a printed copy of the guidelines by writing to the Secretary at the Company's headquarters.

Committee Charters

The Board has adopted charters for each of the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating Committee. Copies of the charters for these committees are available on the corporate governance section of the Company's corporate website at www.footlocker.com/corpgov. You may also obtain printed copies of these charters by writing to the Secretary at the Company's headquarters.

Policy on Voting for Directors

Our Corporate Governance Guidelines provide that if a nominee for director in an uncontested election receives more votes "withheld" from his or her election than votes "for" election, then the director must offer his or her resignation for consideration by the Nominating Committee. The Nominating Committee will evaluate the resignation, weighing the best interests of the Company and its shareholders, and make a recommendation to the Board on the action to be taken. For example, the Nominating Committee may recommend (i) accepting the resignation, (ii) maintaining the director but addressing what the Nominating Committee believes to be the underlying cause of the withheld votes, (iii) resolving that the director will not be re-nominated in the future for election, or (iv) rejecting the resignation. When making its determination, the Nominating Committee will consider all factors that it deems relevant, including (i) any stated reasons why shareholders withheld votes from the director, (ii) any alternatives for curing the underlying cause of the withheld votes, (iii) the director's tenure, (iv) the director's qualifications, (v) the director's past and expected future contributions to the Board and to the Company, and (vi) the overall composition of the Board, including whether accepting the resignation would cause the Company to fall below the minimum number of directors required under the Company's By-Laws or fail to meet any applicable U.S. Securities and Exchange Commission (the "SEC") or

New York Stock Exchange (the "NYSE") requirements. We will promptly disclose the Board's decision on whether to accept the director's resignation, including, if applicable, the reasons for rejecting the offered resignation.

At this Annual Meeting, shareholders are being asked to approve an amendment to the By-Laws, which is recommended by the Board, to provide for majority voting for directors in uncontested elections. Please see Page 81 for more information on this proposal.

Corporate Governance

Director Independence

The Board believes that a significant majority of its members should be independent, as determined by the Board based on the criteria established by the NYSE. Each year, the Nominating Committee reviews any relationships between outside directors and the Company that may affect independence. Currently, one of the twelve members of the Board serves as an officer of the Company, and the remaining eleven directors are independent under the criteria established by the NYSE. Please see Pages 16 through 17 for more information regarding director independence.

Committee Rotation

As a general principle, the Board believes that the periodic rotation of committee assignments on a staggered basis is desirable and provides an opportunity to foster diverse perspective and develop breadth of knowledge within the Board.

Lead Director

The Board believes that when the positions of Chairman and Chief Executive Officer are held by the same person, an independent lead director should be appointed.

The Lead Director's responsibilities include:

- presiding at Board meetings at which the Chairman is not present;
- presiding at executive sessions of the independent directors;
- encouraging and facilitating active participation by, and communication among, all directors;
- serving as the liaison between the independent directors and the Chairman;
- approving Board meeting agendas after conferring with the Chairman and other members of the Board, as appropriate, and may add agenda items in her discretion;
- approving Board meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- having the authority to call meetings of the independent directors;
- leading the Board's annual performance evaluation of the Chief Executive Officer, including an annual evaluation of the Chief Executive Officer's interaction with the Board;

- being available to advise the Chairman and the committee chairs in fulfilling their designated roles and responsibilities to the Board; and

- performing such other functions as the Board or other directors may request.

The Board considers the periodic rotation of the Lead Director from time to time, taking into account experience, continuity of leadership, and the best interests of the Company.

Dona D. Young currently serves as the Lead Director. The Board believes that Mrs. Young is well suited to serve as Lead Director, given her business, financial, and governance background, as well as her more than sixteen years of service on our Board.

Corporate Governance

Board Leadership Structure

Our Board evaluates, from time to time as appropriate, whether the same person should serve as Chairman and Chief Executive Officer, or whether the positions should be bifurcated, in light of all relevant facts and circumstances and what it considers to be in the best interests of the Company and our shareholders. In May 2016, the positions of Chairman and Chief Executive Officer were re-combined and are held by Richard A. Johnson, with Dona D. Young serving as independent Lead Director. The Board has utilized various leadership structures since 2001, as shown below:

Date	Leadership Structure
March 2001 – February 2004	Positions separated, with an independent director serving as Non-Executive Chairman
February 2004 – August 2009	Positions combined, with an independent Lead Director
August 2009 – January 2010	Positions separated, with the former Chairman and Chief Executive Officer serving as Executive Chairman and an independent director serving as Lead Director
January 2010 – December 2014	Positions combined, with an independent Lead Director
December 2014 – May 2015	Positions separated, with the former Chairman and Chief Executive Officer serving as Executive Chairman, and an independent director serving as Lead Director
May 2015 – May 2016	Positions separated, with an independent director serving as Non-Executive Chairman
May 2016 – Present	Positions combined, with an independent Lead Director

The Board believes that, based on the Company’s current facts and circumstances, its Board leadership structure is appropriate.

Executive Sessions of Non-Management Directors

The Board holds regularly scheduled executive sessions of non-management directors in conjunction with each quarterly Board meeting. Dona D. Young, as Lead Director, presides at these executive sessions.

Board Evaluations

Each year, the Board and its committees conduct self-evaluations. The Nominating Committee oversees the evaluation process and reviews the procedures, which may vary from year to year, in advance of each year’s evaluation process. The self-evaluation process is designed to elicit candid feedback regarding the areas where the Board and its committees could improve their effectiveness. In addition, in a prior year, the Nominating Committee engaged a third party to conduct a survey of the directors with regard to the assessment process and other governance areas and report to the full Board on the survey results and benchmark information, and may consider engaging a third party in the future with regard to the evaluation process.

Board Members' Attendance at Annual Meetings

Directors are expected to attend annual meetings of shareholders. The annual meeting is normally scheduled on the same day as a quarterly Board meeting. In 2016, all of the directors then serving attended the annual meeting.

Director On-Boarding and Education

We have an on-boarding program for new directors that is intended to educate a new director on the Company and the Board's practices. Over the course of the one-year on-boarding program, the newly-elected director meets with the Company's Chief Executive Officer, Chief Financial Officer, General Counsel and Secretary, and other members of senior management, to review the Company's business operations, financial matters, strategy, investor relations, risk management, corporate governance, composition of the Board and its committees, and succession and development plans. Additionally, he

Corporate Governance

or she visits our stores at the Company's New York headquarters, and elsewhere, with senior management for an introduction to store operations. During the on-boarding year, new directors periodically meet with the Lead Director and will meet with the committee chairs for a deep dive into the work of the committees. We also provide the Board with educational training from time to time on subjects applicable to the Board and the Company, including with regard to retailing, accounting, financial reporting, and corporate governance, using both internal and external resources, and we encourage all directors to attend other continuing education programs.

Payment of Directors Fees in Stock

The non-employee directors receive one-half of their annual retainer fees, including committee chair retainer fees, in shares of the Company's common stock, par value $0.01 per share ("Common Stock"), with the balance payable in cash. Directors may elect to receive up to 100% of their annual retainer fees in stock.

Director Retirement

The Board has established a policy in its Corporate Governance Guidelines that directors retire from the Board at the annual meeting of shareholders following the director's 72nd birthday.

Change in a Director's Principal Employment

The Board has established a policy whereby a director is required to advise the Chair of the Nominating Committee of any change to his or her principal employment. If requested by the Chair of the Committee, after consultation with the members of the Committee, the director will submit a letter of resignation to the Chair of the Committee, and the Committee would then meet to consider whether to accept or reject the letter of resignation.

Succession Planning

The Board engages in an effective planning process to identify, evaluate, and select potential successors to the Chief Executive Officer and other members of senior management. The Chief Executive Officer reviews senior management succession planning with the Board. Each director has complete and open access to any member of management. Members of management are invited regularly to make presentations at Board and committee meetings and meet with directors in informal settings to allow the directors to form a more complete understanding of the executives' skills and character.

Risk Oversight

The Board has oversight responsibilities regarding risks that could affect the Company. This oversight is conducted primarily through the Audit Committee. The Audit Committee has established procedures for reviewing the Company's risks. These procedures include regular risk monitoring by management to update current risks and identify potential new and emerging risks, quarterly risk reviews by management with the Audit Committee, and an annual risk report to the full Board. The Audit Committee Chair reports on the committee's meetings, considerations, and actions to the full Board at the next Board meeting following each committee meeting. In addition, the Compensation Committee considers risk in relation to the Company's compensation policies and practices. The Compensation Committee's independent compensation consultant provides an annual report to the committee on risk relative to the Company's compensation programs.

The Company believes that this process for risk oversight is appropriate in light of the Company's business, size, and active senior management participation, including by the Chief Executive Officer, in managing risk and holding regular discussions on risk with the Audit Committee, the Compensation Committee, and the Board.

Corporate Governance

Stock Ownership Guidelines

The Board has adopted Stock Ownership Guidelines applicable to the Board, the Chief Executive Officer, and other covered executives. The Guidelines are as follows:

Covered Position	Current Ownership Guidelines
Non-employee Director	4 x Annual Retainer Fee
Chief Executive Officer	6 x Annual Base Salary
Executive Vice President	3 x Annual Base Salary
Senior Vice President	2 x Annual Base Salary
Senior Vice President and General Manager / President of Operating Division	2 x Annual Base Salary
Vice President and General Manager	0.5 x Annual Base Salary
Vice President	0.5 x Annual Base Salary

Shares of unvested restricted stock, unvested restricted stock units (“RSUs”), and deferred stock units (“DSUs”) are counted towards beneficial ownership. Performance-based RSUs are counted once earned. Stock options and shares held through the Foot Locker 401(k) Plan are disregarded in calculating beneficial ownership for purposes of the Stock Ownership Guidelines.

Non-employee directors and executives who are covered by the guidelines are required to be in compliance within five years after the effective date of becoming subject to these guidelines. In the event of any increase in the required ownership level, whether as a result of an increase in the annual retainer fee or base salary or an increase in the required ownership multiple, the target date for compliance with the increased ownership guideline would be five years after the effective date of such increase.

All non-employee directors and executives who were required to be in compliance with the guidelines as of the end of the 2016 fiscal year are in compliance. The Company measures compliance with the guidelines at the end of the prior fiscal year based on the market value of the Company’s stock at that time.

If a director or covered executive fails to be in compliance with the guidelines as of the end of the prior fiscal year, he or she must hold the net shares obtained through future stock option exercises and the vesting of restricted stock and RSUs, after payment of applicable taxes, until coming into compliance with the guidelines. In order to take into consideration fluctuations in the Company’s stock price, any person who has been in compliance with the guidelines as of the end of at least one of the two preceding fiscal years and who has not subsequently sold shares will not be subject to this holding requirement. For non-employee directors, the Nominating Committee will consider a director’s failure to comply with the Stock Ownership Guidelines when considering that director for reelection.

Political Contributions

Our Code of Business Conduct prohibits making contributions on behalf of the Company to political parties, political action committees, political candidates, or holders of public office. The Company is a member of several trade associations which, as part of their overall activities, may engage in advocacy activities with regard to issues important to the retail industry or the business community generally.

Corporate Governance

Communications with the Board

The Board has established a procedure for shareholders and other interested parties to send communications to the non-management members of the Board. Shareholders and other interested parties who wish to communicate directly with the non-management directors of the Company should send a letter to the Board of Directors, c/o Secretary, Foot Locker, Inc., 330 West 34th Street, New York, New York 10001.

The Secretary will promptly send a copy of the communication to the Lead Director, who may direct the Secretary to send a copy of the communication to the other non-management directors and may determine whether a meeting of the non-management directors should be called to review the communication.

A copy of the Procedures for Communications with the Board is available on the corporate governance section of the Company's corporate website at www.footlocker.com/corpgov. You may obtain a printed copy of the procedures by writing to the Secretary at the Company's headquarters.

Retention of Outside Advisors

The Board and all of its committees have authority to retain outside advisors and consultants that they consider necessary or appropriate in carrying out their respective responsibilities. The independent accountants are retained by, and report directly to, the Audit Committee. In addition, the Committee is responsible for the selection, assessment, and termination of the internal auditors to which the Company has outsourced a portion of its internal audit function, which is ultimately accountable to the Audit Committee. Similarly, the consultant retained by the Compensation Committee to assist in the evaluation of senior executive compensation reports directly to that committee.

Code of Business Conduct

The Company has adopted a Code of Business Conduct for directors, officers, and other employees, including its Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer. A copy of the Code of Business Conduct is available on the corporate governance section of the Company's corporate website at www.footlocker.com/corpgov. You may obtain a printed copy of the Code of Business Conduct by writing to the Secretary at the Company's headquarters.

Any waivers of the Code of Business Conduct for directors and executive officers must be approved by the Audit Committee. The Company promptly discloses amendments to the Code of Business Conduct and any waivers of the Code of Business Conduct for directors and executive officers on the corporate governance section of the Company's corporate website at www.footlocker.com/corpgov.

Related Person Transactions

We individually inquire of each of our directors and executive officers about any transactions in which the Company and any of these related persons or their immediate family members are participants. We also make inquiries within the Company's records for information on any of these kinds of transactions. Once we gather the information, we then review all relationships and transactions of which we are aware in which the Company and any of our directors, executive officers, their immediate family members or five-percent shareholders are participants to determine, based on the facts and circumstances, whether the Company or the related persons have a direct or indirect material interest. The General Counsel's office coordinates the related person transaction review process. The Nominating Committee reviews any reported transactions involving directors and their immediate family members in making its recommendation to the Board on the independence of the directors. The Company's written policies and procedures for related person transactions are included within both the Corporate Governance Guidelines and the Code of Business Conduct. There were no related person transactions in 2016.

Board of Directors

Organization and Powers

The Board has responsibility for establishing broad corporate policies, reviewing significant developments affecting the Company, and monitoring the general performance of the Company. Our By-Laws provide for a Board consisting of between 7 and 13 directors. The exact number of directors is determined from time to time by the entire Board. There are currently 12 directors on our Board. Mr. DiPaolo will be retiring at the conclusion of the Annual Meeting, and the Board has fixed the number of directors at 11 effective at such time.

The Board held five meetings during 2016. All of our directors attended at least 75% of the aggregate of the meetings of the Board and of the committees on which they served in 2016.

Directors' Independence

A director is not considered independent under NYSE rules if he or she has a material relationship with the Company that would impair his or her independence. In addition to the independence criteria established by the NYSE, the Board has adopted categorical standards to assist it in making its independence determinations regarding individual directors. These categorical standards are contained in the Corporate Governance Guidelines, which are posted on the Company's corporate website at www.footlocker.com/corpgov.

The Board has determined that the following categories of relationships are immaterial for purposes of determining whether a director is independent under the NYSE listing standards:

Categorical Relationship	**Description**
Investment Relationships with the Company	A director and any family member may own equities or other securities of the Company.
Relationships with Other Business Entities	A director and any family member may be a director, employee (other than an executive officer), or beneficial owner of less than 10% of the shares of a business entity with which the Company does business, provided that the aggregate amount involved in a fiscal year does not exceed the greater of $1 million or 2% of either that entity's or the Company's annual consolidated gross revenue.
Relationships with Not-for-Profit Entities	A director and any family member may be a director or employee (other than an executive officer or the equivalent) of a not-for-profit organization to which the Company (including the Foot Locker Foundation) makes contributions, provided that the aggregate amount of the Company's contributions in any fiscal year do not exceed the greater of $1 million or 2% of the

not-for-profit entity's total annual receipts.

Board of Directors

The Board, upon the recommendation of the Nominating Committee, has determined that the following directors are independent under the NYSE rules because they have no material relationship to the Company that would impair their independence:

Maxine Clark	Guillermo G. Marmol	Cheryl Nido Turpin
Nicholas DiPaolo	Matthew M. McKenna	Kimberly Underhill
Alan D. Feldman	Steven Oakland	Dona D. Young
Jarobin Gilbert, Jr.	Ulice Payne, Jr.	

In making its independence determination, the Board reviewed recommendations of the Nominating Committee and considered Dona D. Young's and Ulice Payne, Jr.'s relationships as directors of companies with which we do business. The Board has determined that these relationships meet the categorical standard for Relationships with Other Business Entities and are immaterial with respect to determining independence.

The Board also considered, in making its independence determination, Matthew M. McKenna's relationship as an adjunct professor of Fordham University School of Law because the Foot Locker Foundation awarded a $5,000 scholarship to a Fordham University student in 2016. The Board has determined that this relationship meets the categorical standard for Relationships with Not-for-Profit Entities and is immaterial with respect to determining independence.

The Board has determined that all members of the Audit Committee, the Compensation Committee, the Finance Committee, and the Nominating Committee are independent as defined under the NYSE listing standards and the director independence standards adopted by the Board.

Board of Directors

Committees of the Board

The Board has delegated certain duties to committees, which assist the Board in carrying out its responsibilities. There are five standing committees of the Board. Each independent director serves on at least two committees. The key oversight responsibilities of the committees, the current committee memberships, and the number of meetings held during 2016 are described below.

Audit Committee Guillermo G. Marmol, Chair 9 meetings in 2016	**Key Oversight Responsibilities** • appoints the independent accountants • approves the independent accountants' compensation • assists the Board in fulfilling its oversight responsibilities in the following areas: o accounting policies and practices o the integrity of the Company's financial statements o compliance with legal and regulatory requirements o risk oversight o the qualifications, independence, and performance of the independent accountants o the qualifications, performance, and compensation of the internal auditors • establishes procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, and auditing matters This committee consists of five independent directors, as independence is defined under the SEC and NYSE rules applicable to audit committee members. All of the members meet the expertise requirements under the NYSE rules. The Board has determined that Mr. McKenna qualifies as an "audit committee financial expert," as defined by the rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), through his relevant experience as a former senior financial executive of a large multinational corporation. The Audit Committee Report appears on Page 80.	**Members:** Clark, Gilbert, Marmol, McKenna, Payne

Board of Directors

Committee	Key Oversight Responsibilities	Members
Compensation and Management Resources Committee Alan D. Feldman, Chair 4 meetings in 2016	• determines the compensation of the Chief Executive Officer • reviews and approves all compensation for the Company's executive management group, which consists of the executive officers and corporate officers • responsible for decisions regarding equity compensation for other employees • assesses risk in relation to the Company's compensation policies and practices • administers the Company's various compensation plans, including the incentive plans, the equity-based compensation plans, and the employees' stock purchase plan (Other than the Company's 2007 Stock Incentive Plan (the "Stock Incentive Plan"), committee members are ineligible to participate in these compensation plans) • reviews and makes recommendations to the Board concerning executive development and succession • meets jointly with the Nominating Committee to review non-employee directors' compensation and make recommendations to the Board concerning the form and amount of non-employee directors' compensation This committee consists of six independent directors, as independence is defined under the NYSE rules applicable to compensation committee members. Please see the Compensation Discussion and Analysis ("CD&A") on Pages 29 through 46 for a discussion of the Compensation Committee's procedures for determining compensation, and the Compensation Committee Report on Page 47.	**Members:** DiPaolo, Feldman, Oakland, Turpin, Underhill, Young
Finance and Strategic Planning Committee Matthew M. McKenna, Chair 4 meetings in 2016	**Key Oversight Responsibilities** • reviews the overall strategic and financial plans, including capital expenditure plans, proposed debt or equity issues, and the capital structure • considers and makes recommendations to the Board concerning dividend payments and share repurchases • reviews acquisition and divestiture proposals	**Members:** Clark, DiPaolo, Feldman, Marmol, McKenna, Underhill

Board of Directors

	Key Oversight Responsibilities	
Nominating and Corporate Governance Committee Steven Oakland, Chair 5 meetings in 2016	• oversees corporate governance matters affecting the Company, including developing and recommending criteria and policies relating to service and tenure of directors • establishes criteria for Board candidates • retains the services of a third-party search firm from time to time to identify potential director candidates • selects new director nominees to recommend to the Board and considers the re-nomination of existing directors • reviews membership on the Board committees and, after consultation with the Chief Executive Officer and the Lead Director, makes recommendations to the Board annually regarding committee members and committee chair assignments • meets jointly with the Compensation Committee to review non-employee directors' compensation and make recommendations to the Board concerning the form and amount of non-employee directors' compensation Shareholders who wish to recommend candidates may contact the Nominating Committee in the manner described on Page 15 under Communications with the Board. Shareholder nominations must be made according to the procedures required under, and within the timeframe described in, the By-Laws and on Page 87. Shareholder-recommended candidates and shareholder nominees whose nominations comply with these procedures will be evaluated by the Nominating Committee in the same manner as the Company's nominees.	**Members:** Gilbert, Oakland, Payne, Turpin, Young
Executive Committee Richard A. Johnson, Chair No meetings in 2016	**Key Oversight Responsibilities** • shares all of the powers of the Board during intervals between Board meetings, except for certain matters reserved to the Board	**Members:** Feldman, Johnson, Marmol, McKenna, Oakland, Young

Board of Directors

Compensation and Management Resources Committee Interlocks and Insider Participation

Nicholas DiPaolo, Alan D. Feldman, Steven Oakland, Cheryl Nido Turpin, Kimberly Underhill, and Dona D. Young served on the Compensation Committee during 2016. None of the committee members was an officer or employee of the Company or any of its subsidiaries, and there were no interlocks with other companies within the meaning of the SEC's proxy rules.

Directors' Compensation and Benefits

Non-employee directors are paid an annual retainer fee and meeting fees for attendance at each Board and committee meeting. The Lead Director and the committee chairs are each paid additional retainer fees for service in these capacities. We do not pay additional compensation to any director who is also an employee of the Company for service on the Board or any committee. The independent compensation consultant retained by the Compensation Committee conducts an annual review and analysis of the directors' compensation program and makes recommendations to the Compensation Committee and Nominating Committee, jointly, with regard to the program structure. Below is a summary of the fees paid to the non-employee directors in 2016:

Summary of Directors' Compensation

Annual Retainer:	$130,000 (increased to $140,000 beginning January 2017) payable 50% in cash and 50% in Common Stock. Directors may elect to receive up to 100% of their annual retainer, including their committee chair retainer, in Common Stock. We calculate the number of shares paid to the directors for their annual retainer by dividing their retainer fee by the closing price of a share of Common Stock on the last business day preceding the July stock payment date.
Committee Chair Retainers:	$25,000: Audit Committee Chair $25,000: Compensation Committee Chair $15,000: Finance Committee Chair $15,000: Nominating Committee Chair None: Executive Committee Chair The committee chair retainers are paid in the same form as the annual retainer.
Lead Director Retainer:	$50,000 payable in cash.
Meeting Fees:	$2,000 per Board and committee meeting attended.

RSUs:	1,138 RSUs. The number of RSUs granted in 2016 was calculated by dividing $65,000 by the closing price of a share of Common Stock on the date of grant ($57.12). The RSUs will vest in May 2017, one year following the date of grant. Each RSU represents the right to receive one share of Common Stock on the vesting date.

Board of Directors

Deferral Election

Non-employee directors may elect to receive all or a portion of the cash component of their annual retainer fee, including committee chair retainers, in the form of DSUs or to have these amounts placed in an interest account. Directors may also elect to receive all or part of the stock component of their annual retainer fee in the form of DSUs. The interest account is a hypothetical investment account bearing interest at the rate of 120% of the applicable federal long-term rate, compounded annually, and set as of the first day of each plan year. A stock unit is an accounting equivalent of one share of Common Stock.

Miscellaneous

We reimburse non-employee directors for reasonable expenses incurred in attending Board and committee meetings, and continuing education programs, including their transportation, hotel accommodations, and meals. Directors and their immediate families are eligible to receive the same discount on purchases of merchandise from our stores, catalogs, and Internet sites that is available to employees.

Fiscal 2016 Director Compensation

The amounts paid to each non-employee director for fiscal 2016, including amounts deferred under the Company's Stock Incentive Plan, and the RSUs granted to each director are reported in the tables below:

Director Compensation

(a) **Name**	**(b)** **Fees Earned or Paid in Cash ($)**	**(c)** **Stock Awards ($)(1)(2)**		**(d)** **Total ($)**
M. Clark	101,462	129,957		231,419
N. DiPaolo	143,546	129,957		273,503
A. Feldman	103,954	171,579	(3)	275,533
J. Gilbert, Jr.	103,462	129,957		233,419
G. Marmol	113,954	142,465		256,419
M. McKenna	108,942	137,473		246,415
S. Oakland	61,535	164,118	(3)	225,653
U. Payne, Jr.	20,666	—		20,666
C. Turpin	83,712	176,605	(3)	260,317
K. Underhill	18,666	—		18,666
D. Young	126,712	207,407	(3)	334,119

Board of Directors

Notes to Director Compensation Table

(1) Column (c) reflects the following three items:

Retainer fees paid in stock or deferred by the director

The fiscal 2016 grant date fair value for the portion of the annual retainer fees, including committee chair retainer fees, paid in shares of Common Stock or deferred by the director, is shown in the following table:

Name	**Shares (#)**	**DSUs (#)**	**Grant Date Fair Value ($)**
M. Clark	1,184	—	64,954
N. DiPaolo	1,184	—	64,954
A. Feldman	1,412	—	77,462
J. Gilbert, Jr.	1,184	—	64,954
G. Marmol	1,412	—	77,462
M. McKenna	1,321	—	72,470
S. Oakland	1,777	—	97,486
U. Payne, Jr.	—	—	—
C. Turpin	1,184	—	64,954
K. Underhill	—	—	—
D. Young	—	1,440	80,040

Stock portion of retainer fee. We made the annual stock payment to each director on July 1, 2016 (other than to Mr. Payne and Ms. Underhill who were not then serving). Under the terms of the Stock Incentive Plan, the stock payment was valued at the closing price of a share of Common Stock on June 30, 2016, which was $54.86. The 2016 grant date fair value is equal to the number of shares received or deferred by the director multiplied by $54.86, calculated in accordance with stock-based compensation accounting rules (ASC Topic 718). One director, who deferred the stock portion of her annual retainer, was credited with DSUs on the annual payment date, valued at $54.86 per unit.

Cash portion of retainer fee. For fiscal 2016, one director deferred part of the cash portion of her annual retainer fee and was credited during the fiscal year with DSUs on the quarterly cash retainer payment dates, valued at the fair market value on the payment dates, as follows: January 4, 2016 ($65.31; pro rated for 2 months of 2016 fiscal year), April 1, 2016 ($63.75), July 1, 2016 ($54.92), October 1, 2016 ($67.52), and January 3, 2017 ($71.73; pro rated for one month of 2016 fiscal year). The 2016 grant date fair value is equal to the number of DSUs received multiplied by the fair market value on the payment dates, calculated in accordance with stock-based compensation accounting rules (ASC Topic 718).

Board of Directors

Dividend equivalents

The fiscal 2016 grant date fair value for dividend equivalents credited in the form of additional stock units to four directors during the year on the quarterly dividend payment dates, valued at the fair market value of the Common Stock on the dividend payment dates, is shown in the following table:

Name	**04/29/16 FMV: $61.44 (#)**	**07/29/16 FMV: $59.62 (#)**	**10/28/16 FMV: $67.15 (#)**	**01/27/17 FMV: $68.01 (#)**
A. Feldman	118	122	108	108
S. Oakland	7	7	6	6
C. Turpin	188	195	174	173
D. Young	248	262	234	232

The total number of DSUs credited to directors' accounts for fiscal 2016, including the dividend equivalents and the units credited representing 2016 retainer fees reported in the above two tables, and the total number of units held at the end of fiscal 2016, are shown in the following table:

Name	**Total DSUs Credited for 2016 (#)**	**Held at 1/28/17 (#)**
A. Feldman	456	26,747
S. Oakland	26	1,496
C. Turpin	730	42,855
D. Young	2,416	57,668

Restricted Stock Units

The fiscal 2016 grant date fair value for the RSUs granted to the non-employee directors in 2016 is shown in the table below. The number of RSUs granted was calculated by dividing $65,000 by $57.12, which was the closing price of a share of Common Stock on the date of grant. The RSUs will vest in May 2017. The amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions, please refer to Note 21 to the Company's financial statements in our 2016 Annual Report on Form 10-K. The following table shows the aggregate number of RSUs granted in 2016 and the number of RSUs outstanding at the end of the 2016 fiscal year:

Board of Directors

Name	RSUs Granted (#)	Grant Date Fair Value ($)	RSUs Outstanding on 1/28/17 (#)
M. Clark	1,138	65,003	1,138
N. DiPaolo	1,138	65,003	1,138
A. Feldman	1,138	65,003	1,138
J. Gilbert, Jr.	1,138	65,003	1,138
G. Marmol	1,138	65,003	1,138
M. McKenna	1,138	65,003	1,138
S. Oakland	1,138	65,003	1,138
U. Payne, Jr.	—	—	—
C. Turpin	1,138	65,003	1,138
K. Underhill	—	—	—
D. Young	1,138	65,003	1,138

(2) No stock options were granted to the non-employee directors in 2016. None of the non-employee directors held any stock options at the end of the 2016 fiscal year.

(3) Stock payment deferred in the form of stock units under the Stock Incentive Plan.

Directors' Retirement Plan

The Directors' Retirement Plan was frozen as of December 31, 1995. Consequently, only Jarobin Gilbert, Jr. is entitled to receive a benefit under this plan after he completes his service as a director because he completed at least five years of service as a director prior to December 31, 1995. The retirement benefit under this plan is $24,000 per year, payable quarterly for the lesser of 10 years after the director leaves the Board or until his death.

Directors and Officers Indemnification and Insurance

We have purchased directors and officers liability and corporation reimbursement insurance from a group of insurers comprising ACE American Insurance Co., Zurich American Insurance Co., Arch Insurance Co., Travelers Casualty and Surety Company of America, Freedom Specialty Insurance Co., Berkley Insurance Co., Navigators Insurance Co., Aspen American Insurance Co., XL Insurance Bermuda Ltd., Illinois National Insurance Co., and Endurance American Insurance Co. These policies insure the Company and all of the Company's wholly-owned subsidiaries. They also insure all of the directors and officers of the Company and the covered subsidiaries. The policies were written for a term of 12 months, from October 12, 2016 until October 12, 2017. The total annual premium for these policies, including fees and taxes, is $852,189. Directors and officers of the Company, as well as all other employees with fiduciary responsibilities under the Employee Retirement Income Security Act of 1974, as amended, are insured under policies issued by a group of insurers comprising Arch Insurance Co., Travelers Casualty and Surety Company of America and ACE American Insurance Co., which have a total premium, including fees and taxes, of $380,954 for the 12-month period ending October 12, 2017.

The Company has entered into indemnification agreements with its directors and officers, as approved by shareholders at the 1987 Annual Meeting.

Beneficial Ownership of the
Company's Stock

Directors and Executive Officers

The table below shows the number of shares of Common Stock reported to us as beneficially owned by each of our directors and named executive officers as of March 20, 2017. The table also shows beneficial ownership by all directors, named executive officers, and executive officers as a group as of that date, including shares of Common Stock that they have a right to acquire within 60 days after March 20, 2017 by the exercise of stock options.

No director or named executive officer beneficially owned 1% or more of the total number of outstanding shares as of March 20, 2017. Each person has sole voting and investment power for the number of shares shown unless otherwise noted.

Name	Common Stock Beneficially Owned Excluding Stock Options (#) (a)		Stock Options Exercisable Within 60 Days After 3/20/17 (#)	RSUs and DSUs (#) (b)	Total (#)	
Paulette R. Alviti	51,032		29,417	6,302	86,751	
Maxine Clark	8,275		—	1,138	9,413	
Nicholas DiPaolo	70,014	(c)	—	1,138	71,152	
Alan D. Feldman	59,832		—	27,885	87,717	
Jarobin Gilbert, Jr.	13,426		—	1,138	14,564	
Stephen D. Jacobs	63,991		53,236	9,147	126,374	
Richard A. Johnson	286,838		539,726	21,736	848,300	
Lewis P. Kimble	41,875		42,503	7,250	91,628	
Guillermo G. Marmol	27,336		—	1,138	28,474	
Matthew M. McKenna	43,189		—	1,138	44,327	
Steven Oakland	4,861		—	2,634	7,495	
Ulice Payne, Jr.	—		—	—	—	
Lauren B. Peters	140,197		215,836	7,657	363,690	
Cheryl Nido Turpin	43,066		—	43,993	87,059	
Kimberly Underhill	—		—	—	—	
Dona D. Young	40,401		—	58,806	99,207	
All 21 directors and executive officers as a group,including the named executive officers	1,026,677		1,035,602	202,022	2,264,301	(d)

Beneficial Ownership of the Company's Stock

Notes to Beneficial Ownership Table

(a) This column includes shares held in the Company's 401(k) Plan and, where applicable, executives' unvested shares of restricted stock listed below over which they have sole voting power but no investment power:

Name	**Unvested Shares of Restricted Stock (#)**
R. Johnson	78,520
L. Peters	38,812
S. Jacobs	33,515
L. Kimble	15,677
P. Alviti	25,677

(b) This column includes (i) the number of DSUs credited as of March 20, 2017 to the accounts of the directors who elected to defer all or part of their annual retainer fee, and (ii) time-vested RSUs. The DSUs and RSUs do not have current voting or investment power.

(c) Includes 1,050 shares held by his spouse.

(d) This number represents approximately 1.7% of the shares of Common Stock outstanding at the close of business on March 20, 2017.

Persons Owning More Than Five-Percent of the Company's Common Stock

The table below provides information on shareholders who beneficially own more than 5% of our Common Stock as of December 31, 2016 according to reports filed with the SEC. To the best of our knowledge, there are no other shareholders who beneficially own more than 5% of a class of the Company's voting securities.

Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Ownership (#)**	**Percent of Class**
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	12,728,444(a)	9.61%(a)
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	9,314,414(b)	7.0%(b)
FMR LLC 245 Summer Street Boston, Massachusetts 02210	7,218,272(c)	5.453%(c)

Beneficial Ownership of the Company's Stock

Notes to Table on Persons Owning More than Five-Percent of the Company's Common Stock

(a) Reflects shares beneficially owned as of December 31, 2016 according to Amendment No. 5 to Schedule 13G filed with the SEC. As reported in this schedule, The Vanguard Group, an investment adviser, holds sole voting power with respect to 209,068 shares, sole dispositive power with respect to 12,485,805 shares, and shared dispositive power with respect to 242,639 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 172,989 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 105,729 shares as a result of its serving as investment manager of Australian investment offerings.

(b) Reflects shares beneficially owned as of December 31, 2016 according to Amendment No. 7 to Schedule 13G filed with the SEC. As reported in this schedule, BlackRock, Inc., a parent holding company, holds sole voting power with respect to 7,789,861 shares and sole dispositive power with respect to 9,314,414 shares.

(c) Reflects shares beneficially owned as of December 31, 2016 according to Amendment No. 1 to Schedule 13G filed with the SEC. Each of FIAM LLC, Fidelity Institutional Asset Management Trust Company, Fidelity Management Trust Company, FMR Co., Inc, and Strategic Advisers, Inc. beneficially owns shares. Abigail P. Johnson is a Director, the Chairman, and the Chief Executive Officer of FMR LLC. Neither FMR LLC nor Ms. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ("Fidelity Funds") advised by Fidelity Management & Research Company ("FMR Co"), a wholly-owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. FMR Co carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that our directors, executive officers, and persons who own more than 10% of the Company's Common Stock file reports of ownership and changes in ownership of Foot Locker's Common Stock with the SEC. Based solely on our review of copies of such forms furnished to the Company and written representations that no other reports were required during the 2016 fiscal year, we believe that during the 2016 fiscal year, the persons subject to Section 16(a) reporting complied with all applicable SEC filing requirements.

Executive Compensation

Compensation and Risk

The Company has completed a risk-related review and assessment of our compensation program and considered whether our executive compensation is reasonably likely to result in a material adverse effect on the Company. As part of this review, the independent compensation consultant to the Compensation Committee reviewed risk in relation to the Company’s compensation policies and practices with the Company’s human resources executives directly involved in compensation matters. The consultant reviewed the compensation policies and practices in effect for corporate and division employees through the manager level, store managers, and store associates, and reviewed the features we have built into the compensation programs to discourage excessive risk taking by employees, including a balance between different elements of compensation, differing time periods for different elements, consistent Company-wide programs, plan performance targets based on the corporate budgeting process, and stock ownership guidelines for senior management.

Compensation Discussion and Analysis

This CD&A focuses on how our named executive officers were compensated in 2016, and how their 2016 compensation aligns with our pay-for-performance philosophy. Our CD&A is divided into the following four sections: Executive Summary, Our Compensation Program Design and Structure, Procedures for Determining Compensation, and Additional Information.

As part of an internal reorganization in 2016, we made a number of strategic changes designed to strengthen the Company’s position in the global marketplace, align with our vendor partners, and achieve our long-term goals across two macro geographies: North America and International. We appointed Stephen D. Jacobs to lead North America and Lewis P. Kimble to lead International, and they were designated as executive officers of the Company as a result of this reorganization.

Our five named executive officers included in this CD&A and the related compensation tables are listed below.

Richard A. Johnson	Chairman of the Board, President and Chief Executive Officer
Lauren B. Peters	Executive Vice President and Chief Financial Officer
Stephen D. Jacobs	Executive Vice President and Chief Executive Officer—North America
Lewis P. Kimble	Executive Vice President and Chief Executive Officer—International
Paulette R. Alviti	Senior Vice President and Chief Human Resources Officer

Executive Summary

We design our executive compensation program to attract, motivate, and retain talented executives in order to achieve the Company's short- and long-term strategic priorities and deliver value to our shareholders. We do this by tying pay closely to our business strategy and Company performance. The more senior an executive's position, the greater the portion of his or her compensation that is tied to Company performance. The Compensation Committee, which is comprised of six independent directors, oversees the executive compensation program.

Executive Compensation

CEO 2016 Total Direct Compensation*	**Average of Other Named Executive Officers' 2016 Total Direct Compensation***
Performance-Based Compensation=85%	**Performance-Based Compensation=68%**

* Total Direct Compensation includes salary, Annual Bonus, and long-term incentives ("LTI") (consisting of LTIP, stock options, and, where applicable, RSU awards).

Our Key Compensation Governance Policies

What We Do **What We Do Not Do**

Closely align executive pay with performance
Set rigorous, objective performance goals
Maintain a clawback policy
Impose and monitor meaningful stock ownership guidelines
Require a one-year time-based vesting period for earned long-term incentive plan payouts following attainment of performance goals
Include double-trigger change in control provisions in employment agreements and equity awards
Mitigate undue risk in compensation programs
Provide reasonable perquisites
Retain independent compensation consultant to advise the Compensation Committee
Hold annual "Say-on-Pay" advisory vote
No tax gross-ups for perquisites or change in control payments
No hedging of the Company's shares
No repricing of stock options without shareholder approval
No stock options granted below fair market value
No dividends or dividend equivalents on time-vested or unearned performance RSUs
No excessive severance benefits

Executive Compensation

2016 Performance Highlights

Our 2016 fiscal year was a very strong year for Foot Locker. The power and relevance of our strategic initiatives, as well as our team's outstanding execution of them, can be seen in the financial success we achieved in 2016, as shown in this brief list of highlights:

- Sales totaled $7.8 billion, the most in our history as an athletic company;
- Full-year comparable store sales gain of 4.3%, our seventh consecutive year of significant sales growth;
- Operating income reached $1 billion, the first time our Company has attained this milestone;
- Gross margin and operating expense rates both improved, as did our rate of EBIT,* which reached a record 13%;
- Earned net income of $4.82 per share, on a non-GAAP* basis, a 12% increase over 2015;
- Invested $254 million in our business to drive future growth; and
- Total Shareholder Return (stock price appreciation plus reinvested dividends) was 3.2%, which positioned us at the 77th percentile versus our peer group.

* A reconciliation to GAAP is provided on Pages 16 through 18 of our 2016 Annual Report on Form 10-K.

Strategic Plan Results

We have now completed two years under our 2015-20 long-term strategic framework, which is described below. This framework established priorities over the near-term, intermediate-term, and long-term to enhance our performance and achieve even more challenging long-term financial objectives than under the prior long-term strategic plan, and we have made significant progress towards achieving these long-term objectives, as shown below.

Strategic Framework Priorities

- Drive performance in the **Core Business** with compelling customer engagement

- Expand our leading position in the **Kids'** business

- Aggressively pursue **European Expansion** opportunities

- Build our **Apparel** penetration and profitability

- Build a more powerful **Digital** business with customer-focused channel connectivity

- Deliver exceptional growth in our **Women's** business

- Build on our industry-leading team by embracing the power of our **People**

Executive Compensation

Progress Made Towards Achieving Our Strategic Plan

Financial Metrics	2015	2016	2015-20 Long-Term Objectives
Sales (billions)	$7.4	$7.8	$10
Sales Per Gross Square Foot	$504	$515	$600
Adjusted Earnings Before Interest and Taxes (EBIT) Margin	12.8 %	13.0 %	12.5 %
Adjusted Net Income Margin	8.2 %	8.4 %	8.5 %
Return on Invested Capital (ROIC)	15.8 %	15.1 %	17 %

The chart above reflects non-GAAP results. There is a reconciliation to GAAP on Pages 16 through 18 of our 2016 Annual Report on Form 10-K.

Impact of Company Performance on Annual and Long-Term Incentive Pay

Foot Locker strives to be a consistently high-performing company, with a history of setting very challenging performance goals. When we achieve our goals, incentive payouts are earned. As shown above, our 2016 performance was quite strong but, compared to the very high bar we set for ourselves, that strong performance fell short of our 2016 Annual Bonus Plan target performance goals. As a result, below-target awards were earned for 2016 under the Annual Bonus Plan. For the 2015-16 performance period under the Long-Term Incentive Plan ("LTIP"), however, especially strong performance in 2015 helped the Company to exceed the applicable target performance goals and the named executive officers earned above-target LTIP awards. Please see Pages 37 through 40 and the Summary Compensation Table on Pages 48 through 49 for more details on these incentive programs and the named executive officers' earned awards under the plans.

Compensation Program Changes for 2016 and Beyond

The Compensation Committee reviewed the executive compensation program for 2016 and, following its review, made certain changes to the program, which we describe below. The purpose of these changes was to continue to incentivize strong performance and provide the executives with competitive total compensation opportunities appropriate to their positions, while further aligning their interests with our shareholders.

Increased Equity Portion of LTIP Payout. Beginning with the 2016-17 performance period, the LTIP payout was changed to 75% RSUs and 25% cash to further align the compensation for our executives with the interests of our shareholders. For prior performance periods, the payout mix was 50% RSUs and 50% cash. Beginning with the 2017-18 performance period, the payout mix for our CEO will be 100% RSUs.

Instituted an LTIP Performance Floor. The Compensation Committee approved a “performance floor” set at 85% of the target goal for LTIP awards. As a result, beginning with awards made for the 2016-17 performance period, no payouts will be earned if actual performance is below 85% of the pre-established target goal. In setting a performance floor, the Compensation Committee considered various factors, such as our long-term strategic plan and financial objectives, the consistent rigor of LTIP performance goals established by the Compensation Committee based on the financial plans approved by the Finance Committee and the Board, the market environment, and the overall objectives of our compensation program. Previously (including for the completed 2015-16 performance period), LTIP awards were subject to a “performance gate,” meaning that no amounts would be earned unless the Company’s average annual after-tax income for the performance period exceeded the Company’s after-tax income in the year prior to the beginning of the relevant performance period. The Committee made this change to set a consistent performance threshold for each performance period relative to the approved financial plans and ensure that our LTIP is market-competitive among peer companies with similar program designs. We believe this change supports the goals of our overall compensation program, which are to attract, motivate, and retain executives most critical to the long-term success of the Company.

Rebalanced Long-Term Incentive Awards to CEO. The Compensation Committee changed the mix of long-term incentives awarded to the CEO so that a majority of his long-term incentives is awarded in the form of performance-based LTIP. The remainder is delivered in annual stock option grants. After this rebalance, the target LTIP award represents approximately 80% of the total long-term incentives granted to the CEO, and the grant date value of his stock option awards equals approximately 20% of his total long-term incentives.

2016 Say-on-Pay Shareholder Vote

At our 2016 Annual Meeting, 91% of shareholders voting on the advisory vote on executive compensation supported the executive compensation program. The Compensation Committee considered the results of the 2016 Say-on-Pay vote and our shareholders' strong support of our executive compensation program in reviewing the executive compensation program for 2017. In light of this, the Compensation Committee decided to retain the general program design, which ties executive pay closely with Company performance. In the future, the Compensation Committee will continue to consider the executive compensation program in light of changing circumstances and shareholder feedback. Our Say-on-Pay vote is currently held on an annual basis, consistent with the views expressed by a majority of our shareholders last year.

2016 Compensation Decisions

The Compensation Committee made certain compensation decisions for our named executive officers in 2016, including setting and approving incentive compensation performance goals, which are described below.

Base Salaries

As part of its annual review of compensation, the Compensation Committee approved base salary increases effective May 1, 2016 for each of the named executive officers, as shown below, based on each executive's performance and a position-oriented analysis of market salaries. Mr. Johnson's salary increase reflected his expanded role as Chairman of the Board in addition to Chief Executive Officer and was made to ensure a competitive base salary in this role. In 2016, Ms. Peters' role as Chief Financial Officer was expanded to include responsibility for Sourcing and Logistics, and Mr. Jacobs' and Mr. Kimble's roles expanded when they were promoted to head, respectively, the newly-established North America and International divisions. The Committee considered the increased scope of the roles for Ms. Peters, Mr. Jacobs, and Mr. Kimble in determining the level of salary increase for these executives in 2016.

Named Executive Officer	2015 Base Salary	2016 Base Salary	Base Salary Increase (%)
Richard A. Johnson	$1,050,000	$1,100,000	4.8 %

Lauren B. Peters	$605,000	$675,000	11.6 %
Stephen D. Jacobs	$780,000	$850,000	9.0 %
Lewis P. Kimble	$555,000	$650,000	17.1 %
Paulette R. Alviti	$475,000	$490,000	3.2 %

Annual Bonus Plan

At the beginning of 2016, the Compensation Committee established annual bonus performance targets under the Annual Bonus Plan. The targets with regard to Mr. Johnson, Ms. Peters, and Ms. Alviti were based on the Company achieving adjusted pre-tax income of $1,038.0 million, a 9.3% increase over 2015 adjusted pre-tax income, in line with the Company's financial plan and strategic objectives. Based on adjusted pre-tax income of $1,010.1 million, these executives earned a bonus of 79.8% of their respective target awards for 2016.

Executive Compensation

The annual bonus target for Mr. Jacobs is based on a division profit target for the North America division, and for Mr. Kimble the annual bonus target is based on a division profit target for the International division. We established these divisions in 2016, which include both store and non-store brand digital operations for these regions, in order to further "channel-agnostic" behavior and performance. The North America division comprises the stores and digital operations of Foot Locker U.S., Lady Foot Locker, Kids Foot Locker, SIX:02, Champs Sports, Footaction, and Foot Locker Canada. International comprises the stores and digital operations of Foot Locker Europe, Foot Locker Asia Pacific, Runners Point, and Sidestep. Based on the profit achieved by each of the divisions, Mr. Jacobs earned a bonus of 82.4% and Mr. Kimble earned a bonus of 66.0% of their respective target awards for 2016. For competitive reasons, we do not disclose the profit targets for the North America or International divisions, as we do not publicly disclose results of these divisions on a separate basis, and we consider it competitively harmful to make that information public. Consistent with our objective of setting challenging goals for executives throughout the Company, we believe that the achievement of the profit goals for these divisions was demanding, as evidenced by the below-target awards earned by these executives despite the overall strong performance of the divisions in 2016.

The Compensation Committee increased the annual target awards for 2016 for certain executives, reflecting the increased scope of their roles and to differentiate among the roles most critical to the continued success of the Company. Annual target awards are based on a percentage of base salary, and for 2016 the named executive officers' target awards are shown below, along with changes, as applicable, to the 2015 target awards:

Executive	2015 Annual Target Award	2016 Annual Target Award
R. Johnson	125 %	150 %
L. Peters, S. Jacobs, and L. Kimble	65 %	75 %
P. Alviti	50 %	