

FOOT LOCKER, INC.

Form DEF 14A

April 13, 2018

**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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Annual Meeting  
of Shareholders**

Proxy Statement

**Connecting With Our Customers**

330 West 34th Street  
New York, New York 10001

## Letter from our Chairman and Chief Executive Officer

April 13, 2018

Dear Fellow Shareholder:

While 2017 proved to be a year with many challenges for Foot Locker, Inc., we remained a highly profitable company and I am proud of the way our team handled the dramatic shifts influencing our customers' preferences and shopping patterns. Against this challenging backdrop, let me describe some of the significant steps we took in 2017. Our Board of Directors took a critical look at governance to assess how we can more effectively protect and increase the value of your investment:

**Board Refreshment and Diversity.** We know that refreshing the Board is a priority for our shareholders. We have refreshed our Board over the past seven years, as seven highly-qualified directors were added to the Board and six directors will have retired as of the 2018 Annual Meeting. Our Board is diverse in terms of gender, age, ethnicity, skills, business experience, tenure, and viewpoints. In particular, the majority of our Board is female or ethnically diverse and most directors serve on the board of another public company.

**Majority Voting in the Election of Directors.** At our 2017 Annual Meeting, shareholders approved an amendment to our By-Laws to implement a majority voting standard in uncontested director elections.

**Director Qualifications and Skills Matrix.** Our directors are highly qualified for service on the Board due to a variety of factors reflected in each director's education, areas of expertise, and management and board experience, as reflected in the updated director skill-set matrix, which is included in the Proxy Statement.

**Proxy Access.** Our Board adopted amendments to our By-Laws to implement proxy access.

**Shareholder Engagement.** We extended our proactive shareholder engagement program with a specific focus on corporate governance. We believe that this engagement program promotes transparency between the Board and our shareholders and builds informed and productive relationships.

We also made key changes to position the Company for a dynamic future:

**Investments in Our Future Growth.** We invested approximately \$270 million in our business to drive future growth. We concentrated a significant portion of this capital spending on enhancing our digital capabilities, and will accelerate our efforts in this area in 2018.

**Organizational Changes.** We made several strategic organizational changes. We realigned our organizational structure to give all-channel sales and profit responsibility (direct-to-customer and stores) to our division leaders to

- eliminate channel barriers and we expanded the Chief Information Officer role to Chief Information and Customer Connectivity Officer, recognizing the critical role that technology and data play in the customer’s engagement and our omnichannel evolution.

**Letter from our Chairman and Chief Executive Officer**

The Notice of 2018 Annual Meeting of Shareholders and Proxy Statement contain details of the business to be conducted at the 2018 Annual Meeting.

Your vote is important to us, so regardless of whether you attend the meeting, please vote your shares.

On behalf of the Board and the management team, I want to thank you for your patience and support as we navigate through the turbulence that defines the retail industry today. I look forward to greeting as many of you as possible at the 2018 Annual Meeting.

Sincerely,

**Richard A. Johnson**

Chairman, President and Chief Executive Officer

330 West 34th Street  
New York, New York 10001

## Notice of 2018 Annual Meeting of Shareholders

Date and Time: May 23, 2018 at 9:00 a.m., Eastern Daylight Time (“EDT”)

Location: NYC33, 125 West 33rd Street, New York, New York 10001  
(please see Page 82 for directions to the location of the 2018 Annual Meeting)

Record Date: Shareholders of record as of March 26, 2018 can vote at this meeting

Items of Business:

- Elect ten members to the Board of Directors (the “Board”) to serve for one-year terms
- Approve, on an advisory basis, our named executive officers’ (“NEOs”) compensation
- Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2018 fiscal year
- Transact such other business as may properly come before the meeting and at any adjournment or postponement of the meeting

Proxy Voting: Your vote is important to us. Please exercise your right to vote. Whether or not you plan to attend the 2018 Annual Meeting in person, please promptly vote by telephone, scanning, ballot, Internet, or mail, so your shares will be represented at the 2018 Annual Meeting (please see Page 80 for instructions for voting your shares).

**Sheilagh M. Clarke**  
Senior Vice President, General Counsel and Secretary

April 13, 2018

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 23, 2018**

The Company’s Proxy Statement and 2017 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** Proxies are being solicited by the Board of Directors of Foot Locker, Inc. (NYSE: FL) (“Foot Locker,” the “Company,” “we,” “our,” or “us”) to be voted at our 2018 Annual Meeting. As this is a summary of our Notice of 2018 Annual Meeting of Shareholders and Proxy Statement, please refer to the complete Proxy Statement.

2018 Annual Meeting of Shareholders

Date and Time:	<b>Proposal</b>	<b>Board’s Voting Recommendation</b>	<b>Page</b>
May 23, 2018 at 9:00 a.m. EDT	Proposal 1 Elect ten directors to serve for one-year terms	FOR EACH NOMINEE	1
	Proposal 2 Approve, on an advisory basis, our NEOs’ compensation	FOR	27
Location: NYC33	Proposal 3	FOR	74

125 West 33rd Street  
New York, New York 10001

Record Date:  
March 26, 2018  
Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the 2018 fiscal year

On or about April 13, 2018, we started mailing a Notice Regarding the Internet Availability of Proxy Materials to our shareholders.

**2018 Proxy Statement**    **i**

## Summary

### Director Nominees

Ten directors are standing for election at the 2018 Annual Meeting for one-year terms. Jarobin Gilbert, Jr. will be retiring from the Board when his term expires at the conclusion of the meeting in accordance with the director retirement policy. The table below provides summary information about each of the nominees for director. Please see Pages 2 through 7 for additional information about each nominee and Pages 17 through 19 for additional information about the Committees of the Board.

Name and Primary Occupation	Age(1)	Director Since	Independent	Other Public Company Boards	Committee Membership(2)				
					A	F	C	N	E
Maxine Clark Founder, Retired Chairman and Chief Executive Bear of Build-A-Bear Workshop, Inc.	69	2013		Build-A-Bear Workshop, Inc.					
Alan D. Feldman Retired Chairman, President and Chief Executive Officer of Midas, Inc.	66	2005		GNC Holdings, Inc. John Bean Technologies Corporation					
Richard A. Johnson Chairman, President and Chief Executive Officer of Foot Locker, Inc.	60	2014		H&R Block Inc.					
Guillermo G. Marmol President of Marmol & Associates	65	2011		Vitamin Shoppe, Inc.					
Matthew M. McKenna Executive in Residence of Georgetown University, McDonough School of Business	67	2006		None					
Steven Oakland Chief Executive Officer and President of TreeHouse Foods, Inc.	57	2014		TreeHouse Foods, Inc.					
Ulice Payne, Jr. President and Managing Member of Addison-Clifton, LLC	62	2016		ManpowerGroup Inc.  The Northwestern Mutual Life Insurance Company					

WEC Energy Group, Inc.

Cheryl Nido Turpin Retired President and Chief Executive Officer of the Limited Stores	70	2001	None
Kimberly Underhill Global President of Kimberly-Clark Professional	53	2016	None
Dona D. Young(3) Retired Chairman, President and Chief Executive Officer of The Phoenix Companies, Inc.	64	2001	Aegon N.V.

**Committees:** A = Audit F = Finance C = Compensation N = Nominating and Governance E = Executive

Committee Chair

Committee Member

(1) The ages shown are as of April 13, 2018.

(2) See Pages 17 through 19 for additional information about the Committees of the Board.

(3) Lead Director

**ii 2018 Proxy Statement**

**Summary**

**Board Attendance**

**Independence\***

Over  
**96%**  
Attendance of Directors at Board and  
Committee Meetings in 2017

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

**Diversity\***

**1**  
**is**  
**African**  
**American**  
**4**  
**are**  
**women**  
**is**  
**Hispanic**

**of Board is**  
**female or**  
**ethnically diverse**

**Refreshment\***

**Tenure\***

**Age\***

**Years of Service**

**53 Years**

**1-5**

**6-10**

**>10**

**7**  
New Directors Added  
Over Past Seven Years

Median: 65

70 Years

**6**  
Directors Retired  
Over Past Seven Years

\* As of May 23, 2018. Foot Locker Policy: Retirement Age 72

**2018 Proxy Statement**    **iii**



**Summary**

**Named Executive Officers**

<b>Name</b>	<b>Position</b>
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
Pawan Verma	Executive Vice President and Chief Information and Customer Connectivity Officer

**Fiscal 2017 Results**

We were a highly profitable company in 2017, and despite the challenges and disruptive retail environment we faced during the year, we produced some notable achievements. Highlights include the following:

- Sales totaled \$7.8 billion, slightly higher than 2016 and the most in our history as an athletic company;
- Cash flow from operations totaled \$813 million;
- Earned net income of \$2.22 per share (\$3.99 per share on a non-GAAP\* basis), a solid performance given the disruption taking place in retail;
- Invested approximately \$270 million in our business to drive future growth; and
- Returned \$624 million to shareholders between the share repurchase program and dividends, spending \$467 million to repurchase 12.4 million shares, and paying \$157 million in dividends.

\* A reconciliation to GAAP is provided on Page 18 of our 2017 Annual Report on Form 10-K.

## **Proposal 1: Election of Directors**

### **General**

There are currently 11 directors on our Board. Jarobin Gilbert, Jr. will be retiring when his term expires at the conclusion of this Annual Meeting, and the Board has fixed the number of directors at 10 effective at such time. All current directors other than Mr. Gilbert are standing for election for a one-year term at this meeting.

We have refreshed our Board over the past seven years, as seven highly-qualified directors were added to the Board and six 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**

Maxine Clark, Alan D. Feldman, 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 2019 Annual Meeting. Each nominee has been nominated by the Board for election and has consented to serve. If, prior to the 2018 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, unless the Board decides to reduce the size of the Board.

### **Director Qualifications**

The Nominating and Corporate Governance Committee (the “Nominating and Governance Committee”) reviewed and updated the director skill-set matrix in light of the Company’s long-term strategic plan and evaluated the directors’ skills, experience, and qualifications under the updated matrix, which is shown on Page 7.

The Board, acting through the Nominating and Governance Committee, considers its members, including those directors being nominated for reelection to the Board at the 2018 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. 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 2. The ages shown are as of April 13, 2018. There are no family relationships among our directors or executive officers.

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

**2018 Proxy Statement**    **1**

**Proposal 1**

**Maxine Clark**

Ms. Clark served as Chief Executive Bear of Build-A-Bear Workshop, Inc. (retail merchants) from her founding the company in 1997 until 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. She serves as chairwoman of the St. Louis Regional Educational and Public Television Commission (KETC/-Channel 9 Public Television), a director of PBS, a director of the Barnes-Jewish Hospital in St. Louis, and a director of the Goldfarb School of Nursing at Barnes-Jewish College. She was a director of Gymboree Corp. from November 2014 to September 2017 and a trustee of the International Council of Shopping Centers.

**Independent Director**

**Age:** 69

**Skills and Qualifications**

**Director since:** 2013

**Committees:** Compensation, Finance

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").

**Alan D. Feldman**

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., the Chair of the Foundation Board of the University of Illinois, and a member of the Governing Council of Good Samaritan Hospital. He was a director of Midas, Inc. from January 2003 to April 2012.

**Independent Director**

**Age:** 66

**Skills and Qualifications**

**Director since:** 2005

**Committees:** Compensation (Chair), Executive, Finance

Mr. Feldman is a recognized business leader with a broad base of experience in 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”).

**2 2018 Proxy Statement**

**Proposal 1**

**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 and was previously a director of Maidenform Brands, Inc. from January 2013 to October 2013.

**Chairman,  
President and  
Chief  
Executive  
Officer**

**Skills and Qualifications**

**Age:** 60  
**Director since:** 2014  
**Committee:** Executive (Chair)

Mr. Johnson has extensive experience as a retail company executive, including 21 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.

**Guillermo G. Marmol**

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. and Principal Solar 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 and KERA/KXT North Texas Public Broadcasting Inc. from 2015 to 2017.

**Independent Director**

**Age:** 65  
**Director since:** 2011  
**Committees:** Audit (Chair), Executive, Finance

**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 and Chair of the Nomination and Governance Committee 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, as Chair of the Audit Committee and as a member on the Finance Committee.

**2018 Proxy Statement**     **3**

**Proposal 1**

**Matthew M. McKenna**

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.

**Independent Director**

**Age:** 67

**Skills and Qualifications**

**Director since:** 2006

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 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. and Chairman of Ignatian Volunteer Corps., as well as his current position as Executive in Residence of Georgetown University and adjunct professor at Fordham University.

**Committees:**  
Audit,  
Executive,  
Finance (Chair)

**Steven Oakland**

Mr. Oakland has served as Chief Executive Officer and President of TreeHouse Foods, Inc. (manufacturer of packaged foods and beverages) since March 2018. He previously served as Vice Chair and President, U.S. Food and Beverage of The J.M. Smucker Company (“Smucker’s”) (manufacturer of packaged foods and beverages) from May 2016 to March 2018; President, Coffee and Foodservice of Smucker’s 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. He also serves on the board of MTD Products, Inc., a privately-held manufacturing company.

**Independent Director**

**Age:** 57

**Director since:** 2014 **Skills and Qualifications**

**Committees:**  
Compensation,  
Executive,  
Nominating and

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.



Governance (Chair) Oakland is actively involved in management resources issues and governance matters as the chief executive of a public company, providing him with relevant expertise as a member of the Compensation Committee and Chair of the Nominating and Governance Committee. Mr. Oakland also has risk management, business development, and mergers and acquisitions experience.

**4 2018 Proxy Statement**

**Proposal 1**

**Ulice Payne, Jr.** 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.

**Independent Director Skills and Qualifications**

**Director**

**Age:** 62

**Director since:** 2016

**Committees:** Audit, Nominating and Governance

Mr. Payne brings to our Board significant managerial, operational, financial, public service, 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, Managing Partner of Foley & Lardner, LLP, and the Wisconsin Commissioner of Securities. 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**

**Director**

**Age:** 70

**Director since:** 2001

**Committees:** Compensation, Nominating and Governance

**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 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.

**2018 Proxy Statement**    **5**

**Proposal 1**

**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. She is also a member of the Board of Directors of the Network of Executive Women (women's leadership organization serving retail and consumer goods industries).

**Independent Director**

**Age:** 53

**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.

**Dona D. Young**

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, and 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 (international non-profit organization) 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.

**Independent Lead Director**

**Age:** 64

**Director since:** 2001

**Committees:** Audit, Executive, Nominating and Governance

**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 director 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 concerning board succession planning, board composition, and executive leadership, are useful for her service as Lead Director and a member of both the Nominating and Governance Committee and the Audit Committee. Mrs. Young serves as a member of the Supervisory Board, Chair of the Risk Committee, and a member of the Audit Committee of Aegon N.V. She also serves as a director of Save the Children US, where she serves as Chair of the Audit Committee. She is also a director of Save the Children International and Save the Children Association. Mrs. Young is a faculty member of the NACD Board Advisory Services, was named to the NACD Directorship 100 for 2015, and has been an NACD Board Leadership Fellow since 2013. She was a 2012 Advanced Leadership Fellow at Harvard University. Mrs. Young recently completed the NACD Cyber-Risk Oversight Program and earned a CERT Certificate in Cybersecurity Oversight issued by Carnegie Mellon University.

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**Proposal 1**

**Summary of Director Qualifications and Experience**

<b>Maxine Clark</b>	<b>Alan D. Feldman</b>	<b>Jarobin Gilbert, Jr.(1)</b>	<b>Richard A. Johnson</b>	<b>Guillermo G. Marmol</b>	<b>Matthew M. McKenna</b>	<b>Steven Oakland</b>	<b>Ulice Payne, Jr.</b>	<b>Cheryl Nido Turpin</b>	<b>Kimberly Underhill</b>	<b>Dona D. Young</b>
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**Leadership**

Chief Executive experience is important because directors who have served as CEOs of public or substantial privately-held or non-profit companies have experience working, communicating, and engaging with a variety of important stakeholder groups, including shareholders, bondholders, and investment analysts

**Strategy**

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  
Public Service experience is relevant to the Company as it is affected by government actions  
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  
Investment experience is important in evaluating our financial statements and investment 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  
**Governance**  
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  
Business  
Development /  
Mergers and  
Acquisitions  
experience is  
important  
because it helps  
in assessing  
potential growth  
opportunities  
Corporate  
Governance  
experience is  
important  
because it  
supports our  
goals of strong  
Board and  
management  
accountability,  
transparency,  
and protection  
of shareholder  
interests  
Risk  
Management  
experience is  
helpful to the  
Board's role in  
overseeing the  
risks facing the  
Company

(1) Mr. Gilbert is not standing for reelection as a director and will retire from the Board following the 2018 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 seven years, as seven highly-qualified directors were added to the Board, and six 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](http://www.footlocker.com/corpgov). You may also obtain a printed copy of the guidelines by writing to the Secretary at the Company's headquarters.

### **Global Sourcing Guidelines**

The Company has adopted Global Sourcing Guidelines that set out standards applicable to the production of all products sold in our stores. The Company periodically reviews the guidelines and revises them, as appropriate. The Global Sourcing Guidelines are available on the corporate governance section of the Company's corporate website at [www.footlocker.com/corpgov](http://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 and Governance 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](http://www.footlocker.com/corpgov). You may also obtain printed copies of these charters by writing to the Secretary at the Company's headquarters.

### **Proxy Access**

In February 2018, our Board adopted amendments to our By-Laws to implement proxy access. Under our proxy access bylaw, a shareholder, or a group of up to 20 shareholders, owning at least 3% of the Company's outstanding common stock continuously for at least three years as of the date of the notice of nomination, may nominate and

include in the Company's proxy materials director nominees constituting up to two individuals or 20% of the Board, whichever is greater (subject to certain limitations set forth in the By-Laws), provided that the shareholder(s) and nominee(s) satisfy the requirements specified in the By-Laws.

The Board spent significant time evaluating the adoption of a proxy access bylaw. In crafting the bylaw, the Board considered a variety of views on proxy access, including feedback received from extensive discussions with our shareholders and independent advisors with expertise in corporate governance. A number of our shareholders have expressed support for proxy access provisions, and the Board believes the bylaw is in the best interest of all shareholders.

### **Majority Voting in the Election of Directors**

At our 2017 Annual Meeting, shareholders approved an amendment to our By-Laws to implement a majority voting standard in uncontested director elections. Our By-Laws previously had provided for a plurality vote standard in director elections. Beginning with our 2018 Annual Meeting, directors must be elected by a majority of the votes cast in elections for which the number of

## **Corporate Governance**

nominees for election does not exceed the number of directors to be elected. A plurality vote standard will continue to apply to contested elections where the number of nominees exceeds the number of directors to be elected. Our Corporate Governance Guidelines provide that any incumbent director who does not receive a majority of the votes cast in an uncontested election is required to tender his or her resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee will make a recommendation to the Board whether to accept or reject the resignation, or whether other action should be taken. In determining its recommendation to the Board, the Nominating and Governance Committee will consider all factors that it deems relevant and, following such determination, the Company will promptly disclose publicly the Board's decision, including, if applicable, the reasons for rejecting the tendered resignation.

## **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 New York Stock Exchange (the "NYSE"). Each year, the Nominating and Governance Committee reviews any relationships between outside directors and the Company that may affect independence. Currently, one of the eleven members of the Board serves as an officer of the Company, and the remaining ten 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. In 2017, Ms. Clark rotated off of the Audit Committee and onto the Compensation Committee and Mrs. Young rotated off of the Compensation Committee and onto the Audit Committee.

## **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;

- attending meetings of each of the Board committees;
- 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 adding agenda items in her discretion;
- approving Board meeting schedules to ensure 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;

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## Corporate Governance

- 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 seventeen years of service on our Board.

## 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 held by different persons, in light of all relevant facts and circumstances and what it considers to be in the best interests of the Company and our shareholders. Since May 2016, the positions of Chairman and Chief Executive Officer have been 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:

<b>Date</b>	<b>Leadership Structure</b>
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 engage in a robust evaluation process consistent with the Board's goal of continuous improvement. The Nominating and Governance Committee oversees the evaluation process and reviews the procedures, which may vary from year to year, in advance of each year's evaluation. The process is designed to elicit candid feedback regarding the areas in which the Board and its committees could improve their effectiveness and utilizes surveys, individual interviews, and action planning. For the 2018 evaluation process, the Board has engaged an independent third party to facilitate individual director peer assessments.

### **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 2017, all of the directors attended the annual meeting.

## **Corporate Governance**

### **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 or she visits our stores near the Company's New York headquarters, and elsewhere, with senior management for an introduction to store operatio