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## Foot Locker F1Q09 (Qtr End 5/2/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question is from Kate McShane from Citigroup.

#### Kate McShane - Citigroup

Good morning. This is Corrinna in for Kate -- can you provide a little bit more detail about the quality of your inventories this year? Are you reducing inventories across the board or are you focusing more heavily on certain categories or brands? And if so, what are those that you are focusing on, please?

#### Mathew D. Serra

Sure. We have not reduced inventories across the board. We reduced them in obviously the slowest selling categories and transferred the receipts into obviously the hot selling items, i.e. basketball and in the case of Europe, high-end technical running.

#### Kate McShane - Citigroup

Okay. And then could you also talk about what you are expecting for the basketball business for the rest of the year? Are there any major launches coming up in the second quarter or in the second half?

#### Mathew D. Serra

There continue to be many, many launches in that category and we have a very, very large basketball business. We view it as a strength and an opportunity to continue to build upon it. Actually, the launches -- there's probably about a 10% to 12% increase in launched product for the remainder of the year.

#### Kate McShane - Citigroup

Great. Thank you very much.

#### Operator

Your next question is from Robert Ohmes from Bank of America Merrill Lynch.

#### Robert Ohmes - Bank of America Merrill Lynch

Thanks. Great quarter. A couple of questions -- the first question was can you speak a little bit more on the second quarter? I understand the tough stimulus comparisons but can you also -- I think the

gross margin comparison is a lot tougher than it was in the first quarter as well. And can you also walk us through what's -- what you think is going to happen with ASP comparisons, you know, as you move through the year? Because I know the ASPs were up pretty solid again in the first quarter.

And then the second question is on Europe, pretty good comps based on what we thought was going on in Europe. Can you give a little more indication what was working so well in running technical? And do you have any product flow coming in for the second quarter and back half that could keep the momentum going there? Thanks.

**Mathew D. Serra**

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