FOOT LOCKER INC
Form 10-Q
June 10, 2009

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

FORM 10 -Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 2, 2009

Commission file no. 1-10299

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

New York	13-3513936
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
112 W. 34thStreet, New York, New York	10120
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (212) 720-3700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer, "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Number of shares of Common Stock outstanding at May 30, 2009: 155,691,198

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FOOT LOCKER, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except shares)

	May 2, 2009 (Unaudited)	May 3, 2008 (Unaudited)	January 31, 2009 *
ASSETS			
Current assets:			
Cash and cash equivalents	$ 408	$ 497	$ 385
Short-term investments	23	5	23
Merchandise inventories	1,237	1,391	1,120
Other current assets	212	260	236
	1,880	2,153	1,764
Property and equipment, net	429	526	432
Deferred taxes	353	239	358
Goodwill	144	267	144
Other intangibles and assets	163	150	179
	$ 2,969	$ 3,335	$ 2,877
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 292	$ 335	$ 187
Accrued expenses and other current liabilities	201	263	231
	493	598	418
Long-term debt	142	219	142
Other liabilities	383	255	393
	1,018	1,072	953
Shareholders' equity:			
Common stock and paid-in capital: 160,400,218, 159,343,434 and 159,598,233 shares, respectively	697	681	691
Retained earnings	1,589	1,734	1,581
Accumulated other comprehensive loss	(232)	(52)	(246)
Less: Treasury stock at cost: 4,709,020, 4,564,432 and 4,680,533 shares, respectively	(103)	(100)	(102)
Total shareholders' equity	1,951	2,263	1,924
	$ 2,969	$ 3,335	$ 2,877

See Accompanying Notes to Condensed Consolidated Financial Statements.

* The balance sheet at January 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 2009.

FOOT LOCKER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions, except per share amounts)

	Thirteen weeks ended	
	May 2, 2009	May 3, 2008
Sales	$ 1,216	$ 1,309
Costs and Expenses		
Cost of sales	860	943
Selling, general and administrative expenses	278	299
Depreciation and amortization	28	32
Impairment charge and store closing program costs	—	19
Interest expense, net	2	1
Other income	(1)	—
	1,167	1,294
Income before income taxes	49	15
Income tax expense	18	12
Net income	$ 31	$ 3
Basic earnings per share:		
Net income	$ 0.20	$ 0.02
Weighted-average common shares outstanding	155.3	153.8
Diluted earnings per share:		
Net income	$ 0.20	$ 0.02
Weighted-average common shares assuming dilution	155.5	155.0

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in millions)

	Thirteen weeks ended	
	May 2, 2009	May 3, 2008
Net income	$ 31	$ 3
Other comprehensive income (expense), net of tax		
Foreign currency translation adjustments arising during the period	15	18
Pension and postretirement plan adjustments	1	—
Change in fair value of derivatives	(1)	—
Comprehensive income	$ 46	$ 21

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	Thirteen weeks ended	
	May 2, 2009	May 3, 2008
From Operating Activities:		
Net income	$ 31	$ 3
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash impairment charge	—	15
Depreciation and amortization	28	32
Share-based compensation expense	2	3
Change in assets and liabilities:		
Merchandise inventories	(110)	(99)
Accounts payable and other accruals	73	101
Qualified pension plan contributions	(11)	(6)
Income tax payable	—	(8)
Gain on termination of interest rate swaps	19	—
Other, net	35	32
Net cash provided by operating activities	67	73
From Investing Activities:		
Capital expenditures	(26)	(40)
Net cash used in investing activities	(26)	(40)
From Financing Activities:		
Dividends paid	(23)	(23)
Net cash used in financing activities	(23)	(23)
Effect of exchange rate fluctuations on Cash and Cash Equivalents	5	(1)
Net change in Cash and Cash Equivalents	23	9
Cash and Cash Equivalents at beginning of year	385	488
Cash and Cash Equivalents at end of interim period	$ 408	$ 497
Cash paid during the period:		
Interest	$ 1	$ 3
Income taxes	$ 7	$ 18

See Accompanying Notes to Condensed Consolidated Financial Statements.

FOOT LOCKER, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements contained in this report are unaudited. In the opinion of management, the condensed consolidated financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods of the fiscal year ending January 30, 2010 and of the fiscal year ended January 31, 2009. Certain items included in these statements are based on management's estimates. Actual results may differ from those estimates. The results of operations for any interim period are not necessarily indicative of the results expected for the year. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in the Company's Form 10-K for the year ended January 31, 2009, as filed with the Securities and Exchange Commission (the "SEC") on March 30, 2009.

As disclosed in the Company's 2008 Annual Report on Form 10-K, the Condensed Consolidated Balance Sheet for the quarter ended May 3, 2008 has been corrected to reflect an immaterial revision related to income taxes. This correction did not affect the Condensed Consolidated Statement of Operations for the period ended May 3, 2008.

Recently Issued Accounting Pronouncements

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or the Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly," ("FSP No. 157-4"). FSP No. FAS 157-4 amends Statement No. 157 to provide additional guidance on (i) estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability, and (ii) circumstances that may indicate that a transaction is not orderly. FSP No. FAS 157-4 also requires additional disclosures about fair value measurements in interim and annual reporting periods. FSP No. FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP No. FAS 157-4 to have a material effect on its consolidated financial statements.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments." FSP No. FAS 115-2 and FAS 124-2 amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This guidance does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The provisions of FSP No. FAS 115-2 and FAS 124-2 are effective for interim and annual reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP No. FAS 115-2 and FAS 124-2 to have a material effect on its consolidated financial statements.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB No. 28-1, "Interim Disclosures about Fair Value of Financial Instruments" which amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies, as well as in annual financial statements. This FSP also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. FSP FAS 107-1 and APB 28-1 are effective for interim reporting periods ending after June 15, 2009. The Company is currently assessing the effect that the adoption of FSP No. FAS 107-1 and APB No. 28-1 will have on its financial statement disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material effect on the Company's present or future consolidated financial statements.

2. Goodwill and Other Intangible Assets

The Company accounts for goodwill and other intangibles in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill and intangible assets with indefinite lives be reviewed for impairment if impairment indicators arise and, at a minimum, annually. During the first quarters of 2009 and 2008, the Company completed its annual reviews of goodwill and the indefinite lived trademark, which did not result in an impairment charge.

Goodwill (in millions)	May 2, 2009	May 3, 2008	January 31, 2009
Athletic Stores	$ 17	$ 187	$ 17
Direct-to-Customers	127	80	127
	$ 144	$ 267	$ 144

The change in goodwill from the amount reported at May 3, 2008 primarily reflects the acquisition of CCS during the fourth quarter of 2008, which increased goodwill by $47 million and the fourth quarter 2008 impairment charge of $167 million related to the Athletic Stores.

	May 2, 2009			May 3, 2008			January 31, 2009		
(in millions)	Gross value	Accum. amort.	Net value	Gross value	Accum. amort.	Net value	Gross value	Accum. amort.	Net value
Finite life intangible assets:									
Lease acquisition costs	$ 175	(128)	47	$ 206	$ (135)	$ 71	$ 173	$ (124)	$ 49
Trademark	20	(5)	15	21	(4)	17	20	(5)	15
Loyalty program	1	(1)	—	1	(1)	—	1	(1)	—
Favorable leases	9	(7)	2	10	(7)	3	9	(7)	2
CCS customer relationships	21	(2)	19	—	—	—	21	(1)	20
Total finite life intangible assets	$ 226	$ (143)	$ 83	$ 238	$ (147)	$ 91	$ 224	$ (138)	$ 86
Intangible assets not subject to amortization:									
Republic of Ireland trademark	2	—	2	$ 3	$ —	$ 3	2	—	2
CCS tradename	25	—	25	—	—	—	25	—	25
Total indefinite life intangible assets	$ 27	—	27	$ 3	$ —	$ 3	$ 27	$ —	$ 27
Total other intangible assets	$ 253	$ (143)	$ 110	$ 241	$ (147)	$ 94	$ 251	$ (138)	$ 113

The weighted-average amortization period as of May 2, 2009 was approximately 11.8 years. Amortization expense was $5 million for both quarters ended May 2, 2009 and May 3, 2008. Additionally, the net intangible activity for the thirteen-week period ended May 2, 2009, primarily reflects the effect of the strengthening of the euro as compared with the U.S dollar of $2 million. Annual estimated amortization expense for finite life intangible assets is expected to approximate $14 million for the remainder of 2009, $17 million for 2010, $15 million for 2011, $10 million for 2012 and $9 million for 2013.

3. Revolving Credit Facility

On March 20, 2009, the Company entered into a new credit agreement with its banks, providing for a $200 million revolving credit facility maturing on March 20, 2013 which replaces the existing credit agreement. The new credit agreement also provides an incremental facility of up to $100 million under certain circumstances. The new credit agreement provides for a security interest in certain of the Company’s domestic assets, including certain inventory assets. No material covenants or payment restrictions exist unless the Company is borrowing under the agreement and, in that event, the restrictions may vary depending upon the level of borrowings.

4. Derivative Financial Instruments

Effective February 1, 2009, the Company adopted SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133” (“SFAS No. 161”). SFAS No. 161 requires enhanced disclosures about an entity’s derivative and hedging activities. Entities will be required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under SFAS No.133 and its related interpretations; and (c) how derivative instruments and related hedge items affect an entity’s financial position, financial performance and cash flows. Additional information is contained within note 10, Fair Value Measurements.

The Company operates internationally and utilizes certain derivative financial instruments to mitigate its foreign currency exposures, primarily related to third party and intercompany forecasted transactions. The Company monitors counterparty credit risk and only uses highly rated financial institutions as counterparties.

Derivatives designated as hedging instruments under SFAS No. 133

Cash Flow Hedges
The primary currencies to which the Company is exposed are the euro, the British Pound, and the Canadian Dollar. For option and forward foreign exchange contracts designated as cash flow hedges of the purchase of inventory, the effective portion of gains and losses is deferred as a component of accumulated other comprehensive loss and is recognized as a component of cost of sales when the related inventory is sold. When using a forward contract as a hedging instrument, the Company excludes the time value from the assessment of effectiveness. Generally, the Company does not hedge forecasted transactions for more than the next twelve months, and the Company expects all derivative-related amounts reported in accumulated other comprehensive loss to be reclassified to earnings within twelve months.

The amount reclassified to cost of sales related to such contracts and the ineffective portion of gains and losses related to cash flow hedges recorded was not significant for any of the periods presented. Net changes in the fair value of foreign exchange derivative financial instruments designated as cash flow hedges of the purchase of inventory was $1 million for the period ended May 2, 2009 and was not significant for the period ended May 3, 2008.

Net Investment Hedges
The Company has numerous investments in foreign subsidiaries, and the net assets of those subsidiaries are exposed to foreign exchange-rate volatility. In 2005, the Company hedged a portion of its net investment in its European subsidiaries by entering into a 10-year cross currency swap, effectively creating a €100 million long-term liability and a $122 million long-term asset. During the third quarter of 2008, the Company terminated this hedge by amending its existing cross currency swap and entering simultaneously into a new cross currency swap, thereby fixing the amount owed to the counterparty in 2015 at $24 million. In 2006, the Company hedged a portion of its net investment in its Canadian subsidiaries. The Company entered into a 10-year cross currency swap, effectively creating a CAD $40 million liability and a $35 million long-term asset. During the fourth quarter of 2008, the Company terminated this hedge and received approximately $3 million.

The Company had designated these hedging instruments as hedges of the net investments in foreign subsidiaries, and used the spot rate method of accounting to value changes of the hedging instrument attributable to currency rate fluctuations. As such, adjustments in the fair market value of the hedging instrument due to changes in the spot rate were recorded in other comprehensive income and offset changes in the net investment. Amounts recorded to foreign currency translation within accumulated other comprehensive loss will remain there until the disposal of the net investment.

The amount recorded within the foreign currency translation adjustment included in accumulated other comprehensive loss on the Consolidated Balance Sheet decreased shareholders' equity by $15 million and $25 million, net of tax, at May 2, 2009 and May 3, 2008, respectively. The effect on the Consolidated Statements of Operations, recorded as part of interest expense, related to the net investments hedges was not significant for the thirteen weeks ended May 2, 2009 and was $1 million of expense for the thirteen weeks ended May 3, 2008.

Fair Value Hedges
The Company has employed various interest rate swaps to minimize its exposure to interest rate fluctuations. These swaps have been designated as a fair value hedge of the changes in fair value of $100 million of the Company's 8.50 percent debentures payable in 2022 attributable to changes in interest rates. The swaps effectively convert the interest rate on the debentures from 8.50 percent to a 1-month variable rate of LIBOR plus 3.45 percent. During the first quarter of 2009, the Company terminated its interest rate swaps for a gain of $19 million. This gain will be amortized as part of interest expense over the remaining term of the debt, using the effective-yield method. The effect on the Condensed Consolidated Statements of Operations, recorded as part of interest expense, related to the interest rate

swaps was income of $1 million for the thirteen weeks ended May 2, 2009 and was not significant for the thirteen weeks ended May 3, 2008.

Derivatives not designated as hedging instruments under SFAS No. 133

The Company mitigates the effect of fluctuating foreign exchange rates on the reporting of foreign currency denominated earnings by entering into a variety of derivative instruments, including option currency contracts. Changes in the fair value of these foreign currency option contracts are recorded in earnings immediately within other income. Mark-to-market, realized gains and premiums paid were not significant for the thirteen weeks ended May 2, 2009 and May 3, 2008, respectively.

The Company also enters into forward foreign exchange contracts to hedge foreign-currency denominated merchandise purchases and intercompany transactions. Net changes in the fair value of foreign exchange derivative financial instruments designated as non-hedges, recorded in selling, general and administrative expenses were substantially offset by the changes in value of the underlying transactions. The amounts recorded for the periods presented were not significant.

During 2008, the Company entered into a series of monthly diesel fuel forward contracts to mitigate a portion of the Company’s freight expense due to the variability caused by fuel surcharges imposed by our third-party freight carriers. The notional value of the contracts outstanding as of May 2, 2009 was $2 million and these contracts extend through November 2009. Changes in the fair value of these contracts are recorded in selling, general and administrative expenses immediately. The amounts recorded for the periods presented were not significant.

As discussed above, the Company terminated its European net investment hedge during the third quarter of 2008. During the remaining term of the agreement, the Company will remit to its counterparty interest payments based on one-month U.S. LIBOR rates on the $24 million liability. The agreement includes a provision that may require the Company to settle this transaction in August 2010 at the option of the Company or the counterparty.

Fair Value of Derivative Contracts

The following represents the fair value of the Company’s derivative contracts. Many of the Company’s agreements allow for a netting arrangement. The following is presented on a gross basis, by type of contract:

	May 2, 2009		May 3, 2008	
(in millions)	Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Hedging Instruments:				
Forward contracts	Current assets	$ 1	Current Assets	$ 2
Interest rate swaps	Non current assets	-	Non current assets	3
Net investment hedges	Non current liability	-	Non current liability	(39)
Total		$ 1		$ (34)
Non Hedging Instruments:				
Forward contracts	Current assets	$ 1	Current Assets	$ 2
European cross currency swap	Non current liability	(24)	Non current liability	-
Fuel contracts	Non current liability	-	Non current liability	-
Total		$ (23)		$ 2

5. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss comprised the following:

(in millions)	May 2, 2009	May 3, 2008	January 31, 2009
Foreign currency translation adjustments	$ 25	$ 111	$ 10
Cash flow hedge	1	1	2
Unrecognized pension cost and postretirement benefit	(253)	(162)	(253)
Unrealized loss on available-for-sale securities	(5)	(2)	(5)
	$ (232)	$ (52)	$ (246)

6. Earnings Per Share

On February 1, 2009, the provisions of FSP EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities,” (“FSP EITF 03-06-1”) became effective for the Company. The provisions of this FSP clarified that share-based payment awards that entitle their holders to receive nonforfeitable dividends before vesting should be considered participating securities and, as such, should be included in the calculation of basic earnings per share. The Company’s restricted stock awards, which contain nonforfeitable rights to dividends, are considered participating securities. FSP EITF 03-6-1 is effective for the financial statements included in the Company’s quarterly report for the thirteen weeks ended May 2, 2009, and application of FSP EITF 03-6-1 did not

have a significant effect on the Company's earnings per share calculations for any of the periods presented. Diluted earnings per share reflects the weighted-average number of common shares outstanding during the period used in the basic earnings per share computation plus dilutive common stock equivalents, such as stock options and awards.

	Thirteen weeks ended	
(in millions)	May 2, 2009	May 3, 2008
Weighted-average common shares outstanding	155.3	153.8
Effect of Dilution:		
Stock options and awards	0.2	1.2
Weighted-average common shares assuming dilution	155.5	155.0

Options to purchase 6.4 million and 4.8 million shares of common stock were not included in the computation for the thirteen weeks ended May 2, 2009 and May 3, 2008, respectively. These options were not included because the exercise prices of the options were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

7. Segment Information

The Company has determined that its reportable segments are those that are based on its method of internal reporting. As of May 2, 2009, the Company has two reportable segments, Athletic Stores and Direct-to-Customers. Sales and division results for the Company's reportable segments for the thirteen weeks ended May 2, 2009 and May 3, 2008 are presented below. Division profit reflects income before income taxes, corporate expense, non-operating income and net interest expense.

Sales

	Thirteen weeks ended	
(in millions)	May 2, 2009	May 3, 2008
Athletic Stores	$ 1,118	$ 1,217
Direct-to-Customers	98	92
Total sales	$ 1,216	$ 1,309

Operating results

	Thirteen weeks ended	
(in millions)	May 2, 2009	May 3, 2008
Athletic Stores (1)	$ 61	$ 40
Direct-to-Customers	8	10
Division profit	69	50
Corporate expense, net (2)	19	34
Operating profit	50	16
Other income (3)	(1)	—
Interest expense, net	2	1
Income before income taxes	$ 49	$ 15

(1) Included in the results for the thirteen weeks ended May 3, 2008 are store closing costs of $4 million which primarily represent lease termination costs.

(2) Included in corporate expense for the thirteen weeks ended May 3, 2008 is a $15 million impairment charge on the Northern Group note receivable.

(3) Other income for the thirteen weeks ended May 2, 2009 is primarily comprised of changes in fair value, realized gains and premiums paid on foreign currency option contracts and royalty income.

8. Pension and Postretirement Plans

The Company has defined benefit pension plans covering most of its North American employees, which are funded in accordance with the provisions of the laws where the plans are in effect. In addition to providing pension benefits, the Company sponsors postretirement medical and life insurance plans, which are available to most of its retired U.S. employees. These medical and life insurance plans are contributory and are not funded.

The following are the components of net periodic pension benefit cost and net periodic postretirement benefit income:

	Pension Benefits		Postretirement Benefits	
(in millions)	May 2, 2009	May 3, 2008	May 2, 2009	May 3, 2008
Service cost	$ 3	$ 2	$ —	$ —

Interest cost	9	9	—	—
Expected return on plan assets	(10)	(13)	—	—
Amortization of unrecognized prior service cost	—	—	—	—
Amortization of net loss (gain)	3	3	(2)	(2)
Net benefit cost (income)	$ 5	$ 1	$ (2)	$ (2)

During the first quarter of 2009, the Company made an $8 million contribution to its U.S. pension plan and $3 million to its Canadian plan. Additional contributions to the U.S. plan may be made later this year; the final amount and timing of any such contributions will depend on the plan asset performance and any statutory or regulatory changes that may occur.

9. Share-Based Compensation

The Company accounts for its share–based compensation in accordance with SFAS No. 123(R), “Share–Based Payment.” The Company uses a Black-Scholes option-pricing model to estimate the fair value of share-based awards under SFAS No. 123(R). The Black-Scholes option-pricing model incorporates various and highly subjective assumptions, including expected term and expected volatility.

Compensation expense related to the Company’s stock option and stock purchase plans was $0.7 million and $1.1 million for the thirteen weeks ended May 2, 2009 and May 3, 2008, respectively. The following table shows the Company’s assumptions used to compute the share-based compensation expense:

	Stock Option Plans		Stock Purchase Plan	
	May 2, 2009	May 3, 2008	May 2, 2009	May 3, 2008
Weighted-average risk free rate of interest	1.72%	2.43%	2.00%	5.00%
Expected volatility	53%	37%	39%	22%
Weighted-average expected award life	4.8 years	4.6 years	1.0 year	1.0 year
Dividend yield	6.0%	5.1%		