

SOLIGENIX, INC.  
Form PRE 14A  
April 17, 2012

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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  
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Check the appropriate box:

- x Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only  
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- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

SOLIGENIX, INC.  
(Name of Registrant as Specified In Its Charter)

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- x No fee required.
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SOLIGENIX, INC.  
29 Emmons Drive, Suite C-10  
Princeton, New Jersey 08540

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 21, 2012

To the Stockholders:

The Annual Meeting of Stockholders of Soligenix, Inc., will be held at \_\_\_\_\_, on Thursday, June 21, 2012, at \_\_\_\_\_, Eastern Daylight Time, for the following purposes, each as more fully described herein:

1. To elect five directors to serve until the next Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified;
2. To consider and approve the Second Amended and Restated Certificate of Incorporation, which increases the number of authorized shares of our common stock from 20,000,000 to 50,000,000;
3. To approve an amendment to our 2005 Equity Incentive Plan to increase the maximum number of shares of common stock available for issuance under the plan by 1,250,000 shares, bringing the total shares reserved for issuance under the plan to 3,000,000 shares;
4. To ratify the appointment of EisnerAmper LLP as our independent auditors for the year ending December 31, 2012; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 20, 2012 are entitled to notice of and to vote at the Annual Meeting. A list of stockholders eligible to vote at the meeting will be available for inspection at the meeting and for a period of 10 days prior to the meeting, during regular business hours, at our corporate headquarters at the address set forth above.

Information concerning the matters to be acted upon at the Annual Meeting is included in the proxy statement. Whether or not you expect to attend the Annual Meeting, your vote is important. Please vote as soon as possible via either the internet, telephone or mail.

By Order of the Board of Directors

/s/ Christopher J. Schaber  
Christopher J. Schaber, Ph.D.  
President and Chief Executive Officer

Princeton, New Jersey  
May 9, 2012



SOLIGENIX, INC.  
29 Emmons Drive, Suite C-10  
Princeton, New Jersey 08540  
Phone: (609) 538-8200

## PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this proxy statement to stockholders of record as of the close of business on April 20, 2012 in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting of Stockholders to be held on June 21, 2012. This proxy statement and the form of proxy are being made available to the stockholders on or about May 9, 2012. Our Annual Report on Form 10-K for the year ended December 31, 2011 (which does not form a part of the proxy solicitation materials) is being made available concurrently herewith to stockholders.

### Voting Securities; Proxies; Required Vote

#### Voting Securities

At the Annual Meeting, each holder of record of common stock of the Company, par value \$0.001 per share ("Common Stock"), at the close of business on April 20, 2012 will be entitled to one vote for each share of Common Stock owned on that date as to each matter presented at the Annual Meeting. On April 20, 2012, \_\_\_\_\_ shares of Common Stock were outstanding.

#### Proxies

You cannot vote your shares at the meeting unless you are present in person or represented by proxy. All properly executed and unrevoked proxies that are received in time for the meeting will be voted at the meeting or any adjournment or postponement thereof in accordance with instructions thereon, or if no instructions are given, will be voted as follows:

1. "FOR" the election of all of the named nominees as directors;
2. "FOR" the approval of the Second Amended and Restated Certificate of Incorporation, which increases the number of authorized shares of our Common Stock from 20,000,000 shares to 50,000,000 shares;
3. "FOR" the approval of the amendment to our 2005 Equity Incentive Plan (the "2005 Plan") to increase the maximum number of shares of our Common Stock available for issuance under the plan by 1,250,000 shares, bringing the total shares reserved for issuance under the plan to 3,000,000 shares;
4. "FOR" the ratification of EisnerAmper LLP as our independent auditors; and
5. in accordance with the judgment of the persons appointed as proxies with respect to other matters which properly come before the Annual Meeting.

You may revoke a proxy by written notice to us at any time prior to exercise of the proxy. In addition, although mere attendance at the Annual Meeting will not revoke a proxy, you may withdraw your proxy by doing so in person.

#### Voting Your Proxy

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Whether or not you plan to attend the Annual Meeting, you may vote your shares via Internet, telephone or mail as more fully described below:

- By Internet: Go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions (have your proxy card available).
- By Telephone: Call 1-800-690-6903 and follow the voice prompts (have your proxy card available).
- By Mail: If you have received a proxy card, mark your vote, sign your name exactly as it appears on your proxy card, date your card and return it in the envelope provided.

## Required Vote

1. The affirmative vote of the holders of a plurality of the shares of Common Stock represented at the Annual Meeting in person or by proxy is required for the election of directors.
2. The affirmative vote of the holders of a majority of the shares of Common Stock issued and outstanding is required to approve the Second Amended and Restated Certificate of Incorporation, which increases the number of authorized shares of our Common Stock from 20,000,000 shares to 50,000,000 shares.
3. The affirmative vote of the holders of a majority of the shares of Common Stock represented in person or by proxy at the meeting is required to approve the amendment to our 2005 Plan to increase the maximum number of shares of our Common Stock available for issuance under the plan by 1,250,000 shares, bringing the total shares reserved for issuance under the plan to 3,000,000 shares.
4. The affirmative vote of the holders of a majority of the shares of Common Stock represented in person or by proxy at the meeting is required for the ratification of the appointment of EisnerAmper LLP as our independent auditors for the fiscal year ending December 31, 2012.

Stockholders are not allowed to cumulate their votes in the election of directors. In voting on the election of directors, abstentions and broker non-votes (which occur when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner) will be disregarded and not treated as votes cast and, therefore, will not affect the outcome of the election. Abstentions and broker non-votes will have the same effect as votes against the proposal to approve the Second Amended and Restated Certificate of Incorporation, which increases the number of authorized shares of our Common Stock from 20,000,000 shares to 50,000,000 shares. Abstentions will have the same effect as votes against the proposal (1) to approve the amendment to our 2005 Plan to increase the maximum number of shares of our Common Stock available for issuance under the plan; and (2) to ratify the appointment of EisnerAmper LLP, but broker non-votes will not be counted as votes against such proposals or as shares present or represented at the meeting.

## Quorum

The required quorum for the transaction of business at the Annual Meeting will be a majority of the voting power of shares of Common Stock issued and outstanding on the record date. Shares represented in person or by proxy (including shares which abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum exists at the meeting.

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PROPOSAL 1  
ELECTION OF DIRECTORS

Upon the recommendation of the Nominating Committee, the Board of Directors has nominated Christopher J. Schaber, Ph.D., Keith L. Brownlie, C.P.A., Gregg A. Lapointe, C.P.A., Robert J. Rubin, M.D., and Jerome Zeldis, M.D., Ph.D. for election to the Board of Directors.

Unless otherwise directed, the persons appointed in the form of proxy intend to vote at the Annual Meeting “FOR” the election of Dr. Schaber, Mr. Brownlie, Mr. Lapointe, Dr. Rubin, and Dr. Zeldis as directors to serve until our next Annual Meeting of Stockholders or until their successors have been duly elected and qualified. If any nominee is unable to be a candidate when the election takes place, the shares represented by valid proxies will be voted in favor of such substitute nominee as the Board of Directors recommends or to allow the vacancy to remain open until filled by the Board of Directors, as determined by the Board of Directors. The Board of Directors does not currently anticipate that any nominee will be unable to be a candidate for election. Each director elected to the Board of Directors will serve until the next Annual Meeting of Stockholders or until his or her successor has been duly elected and qualified, unless he or she dies, resigns or is removed from office prior to that time.

The following table contains information regarding the nominees for election to the Board of Directors.

Name	Age	Position
Christopher J. Schaber, Ph.D.	45	Chairman of the Board, Chief Executive Officer and President
Keith L. Brownlie, C.P.A.	59	Director
Gregg A. Lapointe, C.P.A.	53	Director
Robert J. Rubin, M.D.	66	Director
Jerome Zeldis, M.D., Ph.D.	61	Director

Christopher J. Schaber, Ph.D. has over 23 years of experience in the pharmaceutical and biotechnology industry. Dr. Schaber has been our President and Chief Executive Officer and a director since August 2006. He was appointed Chairman of the Board on October 8, 2009. He also serves on the board of directors of the Biotechnology Council of New Jersey (“BioNJ”) since January 2009, and is a member of the corporate councils of both the National Organization for Rare Diseases (“NORD”) and the American Society for Blood and Marrow Transplantation since October 2009 and July 2009, respectively. Prior to joining Soligenix, Dr. Schaber served from 1998 to 2006 as Executive Vice President and Chief Operating Officer of Discovery Laboratories, Inc., where he was responsible for overall pipeline development and key areas of commercial operations, including regulatory affairs, quality control and assurance, manufacturing and distribution, pre-clinical and clinical research, and medical affairs, as well as coordination of commercial launch preparation activities. During his tenure at Discovery Laboratories, Inc., Dr. Schaber played a significant role in raising over \$150 million through both public offerings and private placements. From 1996 to 1998, Dr. Schaber was a co-founder of Acute Therapeutics, Inc., and served as its Vice President of Regulatory Compliance and Drug Development. From 1994 to 1996, Dr. Schaber was employed by Ohmeda PPD, Inc., as Worldwide Director of Regulatory Affairs and Operations. From 1989 to 1994, Dr. Schaber held a variety of regulatory, development and operations positions with The Liposome Company, Inc., and Elkins-Sinn Inc., a division of Wyeth-Ayerst Laboratories. Dr. Schaber received his B.A. degree from Western Maryland College, his M.S. degree in Pharmaceutics from Temple University School of Pharmacy and his Ph.D. degree in Pharmaceutical Sciences from the Union Graduate School.

Dr. Schaber was selected to serve as a member of our Board of Directors because of his extensive experience in drug development and pharmaceutical operations, including his experience as an executive senior officer with our Company and Discovery Laboratories, Inc., and as a member of the board of directors of BioNJ; because of his proven



ability to raise funds and provide access to capital; and because of his advanced degrees in science and business.

Keith L. Brownlie, C.P.A. has been a director since June 2011. Mr. Brownlie currently serves as a member of the Board of Directors of Epicept Corporation, a publicly traded, specialty pharmaceutical company focused on the clinical development and commercialization of pharmaceutical products for the treatment of cancer and pain, a position he has held since April 2011. From 1974 to 2010, Mr. Brownlie worked with the accounting firm of Ernst & Young LLP where he served as audit partner for numerous public companies and was the Life Sciences Industry Leader for the New York metro area where he was involved with over 100 public and private financings and M&A transactions. Mr. Brownlie received a B.S. in Accounting from Lehigh University and is a Certified Public Accountant in the state of New Jersey. Mr. Brownlie co-founded the New Jersey Entrepreneur of the Year Program and was Vice President and Trustee of the New Jersey Society of CPAs. In addition, he served as accounting advisor to the board of the Biotechnology Council of New Jersey.

Mr. Brownlie was selected to serve as a member of our Board of Directors because of his vast experience as an audit partner for numerous public companies and as a director of a publicly traded specialty pharmaceutical company.

Gregg Lapointe, C.P.A. has been a director since March 2009. Mr. Lapointe has served on the Board of Directors of the Pharmaceuticals Research and Manufacturers of America and SciClone Pharmaceuticals, Inc., and has been a member of the Corporate Council of NORD for several years. He has served in varying roles for Sigma-Tau Pharmaceuticals, Inc. (“Sigma-Tau”), a private biopharmaceutical company, since September 2001, including Chief Operating Officer from November 2003 to April 2008 and Chief Executive Officer from April 2008 to March 2012. From May 1996 to August 2001, he served as Vice President of Operations and Vice President, Controller of AstenJohnson, Inc. (formerly JWI Inc.). Prior to that, Mr. Lapointe spent several years in the Canadian medical products industry in both distribution and manufacturing. Mr. Lapointe began his career at Price Waterhouse. Mr. Lapointe received his B.A. degree in Commerce from Concordia University in Montreal, Canada, a graduate diploma in Accountancy from McGill University and his M.B.A. degree from Duke University. He is a C.P.A. in the state of Illinois and a Chartered Accountant in Ontario, Canada.

Mr. Lapointe was selected to serve as a member of our Board of Directors because of his significant experience in the areas of global strategic planning and implementation, business development, corporate finance, and acquisitions, and his experience as an executive officer and board member in the pharmaceutical medical products industries.

Robert J. Rubin, M.D. has been a director since October 2009. Dr. Rubin has also been a clinical professor of medicine at Georgetown University since 1995. From 1987 to 2001, he was president of the Lewin Group (purchased by Quintiles Transnational Corp. in 1996), an international health policy and management consulting firm. From 1994 to 1996, Dr. Rubin served as Medical Director of ValueRx, a pharmaceutical benefits company. From 1992 to 1996, Dr. Rubin served as President of Lewin-VHI, a health care consulting company. From 1987 to 1992, he served as President of Lewin-ICF, a health care consulting company. From 1984 to 1987, Dr. Rubin served as a principal of ICF, Inc., a health care consulting company. From 1981 to 1984, Dr. Rubin served as the Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services and as an Assistant Surgeon General in the United States Public Health Service. Dr. Rubin has served on the board of CardioNet, Inc. since 2007. He is a board certified nephrologist and internist. Dr. Rubin received an undergraduate degree in Political Science from Williams College and his medical degree from Cornell University Medical College.

Dr. Rubin was selected to serve as a member of our Board of Directors because of his vast experience in the health care industry, including his experience as a nephrologist, internist, clinical professor of medicine and Assistant Surgeon General, and his business experience in the pharmaceutical industry.

Jerome Zeldis, M.D., Ph.D. has been a director since June 2011. Dr. Zeldis is currently Chief Executive Officer of Celgene Global Health and Chief Medical Officer of Celgene Corporation, a publicly traded, fully integrated biopharmaceutical company, where he has been employed since 1997. From September 1994 to February 1997, Dr. Zeldis worked at Sandoz Research Institute and the Janssen Research Institute in both clinical research and medical development. He has been a board member of several biotechnology companies and is currently on the boards of the NJ Chapter of the Arthritis Foundation, and the Castleman’s Disease Organization. Additionally, he has served as Assistant Professor of Medicine at the Harvard Medical School (July 1987 to September 1988), Associate Professor of Medicine at University of California, Davis (September 1988 to September 1994), Clinical Associate Professor of Medicine at Cornell Medical School (January 1995 to December 2003) and Professor of Clinical Medicine at the Robert Wood Johnson Medical School (July 1998 to June 2010). Dr. Zeldis received a B.A. and an M.S. from Brown University, and an M. Phil., an M.D., and a Ph.D. in Molecular Biophysics and Biochemistry from Yale University. Dr. Zeldis trained in Internal Medicine at the UCLA Center for the Health Sciences and in Gastroenterology at the Massachusetts General Hospital and Harvard Medical School. He has published 116 peer reviewed articles and 24 reviews, book chapters, and editorials.



Dr. Zeldis was selected to serve as a member of our Board of Directors because of his experience as an executive officer of a publicly traded biopharmaceutical company and in clinical research and medical development, and his experience in the health care industry, including his experience as an internist, gastroenterologist and professor of medicine.

#### Recommendation of the Board of Directors

The Board of Directors recommends that you vote “FOR” the election of all of the nominees listed above.

#### Board Leadership Structure

Our Board of Directors believes that Dr. Schaber’s service as both our Chairman of our Board of Directors and our Chief Executive Officer is in the best interest of our Company and our stockholders. Dr. Schaber possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing our Company and our business and, therefore, is best positioned to develop agendas that ensure that the Board of Directors’ time and attention are focused on the most important matters. His combined role enables decisive leadership, ensures clear accountability, and enhances our ability to communicate our message and strategy clearly and consistently to our stockholders, employees, and collaborative partners.

Our Board of Directors has determined that Mr. Brownlie, Mr. Lapointe, Dr. Rubin, and Dr. Zeldis, each of whom is nominated for election as a director, and Ms. Howson and Mr. Thompson, who are not standing for re-election, are “independent” as such term is defined by the applicable listing standards of The NASDAQ Stock Market LLC (“NASDAQ”). Our Board of Directors based this determination primarily on a review of the responses of the directors to questionnaires regarding their employment, affiliations and family and other relationships. The Board of Directors believes that independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of meetings of the Board of Directors, independent directors hold executive sessions. Following an executive session of independent directors, independent directors report back to the full Board of Directors regarding any specific feedback or issues, provide the Chairman with input regarding agenda items for Board of Directors and Committee meetings, and coordinate with the Chairman regarding information to be provided to independent directors in performing their duties. The Board of Directors believes that this approach appropriately and effectively complements the combined Chairman/Chief Executive Officer structure. If all of the nominees for director are elected at the Annual Meeting, four of the five directors on our Board of Directors will be “independent” as such term is defined by the applicable listing standards of NASDAQ.

Although the Company believes that the combination of the Chairman and Chief Executive Officer roles is appropriate under the current circumstances, our corporate governance guidelines do not establish this approach as a policy, and the Board of Directors may determine that it is more appropriate to separate the roles in the future.

#### Section 16(a) Beneficial Ownership Reporting Compliance

We are required to identify each person who was an officer, director or beneficial owner of more than 10% of our registered equity securities during our most recent fiscal year and who failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

To our knowledge, based solely on review of these filings and written representations from the certain reporting persons, we believe that during the year ended December 31, 2011, our officers, directors and significant stockholders have timely filed the appropriate form under Section 16(a) of the Exchange Act.

#### Corporate Governance

Pursuant to our Certificate of Incorporation and By-laws, our business and affairs are managed under the direction of the Board of Directors. Members of the Board of Directors are kept informed of our business through discussions with senior management, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees.

The Board of Directors held ten meetings in 2011, and each director who served as a director during 2011, attended at least 75% of the meetings of the Board of Directors and each of the committees on which he or she served, except for Tamar Howson who was unavailable to attend three meetings of the Board of Directors.

We typically schedule a meeting of the Board of Directors in conjunction with our Annual Meeting and expect that all directors will attend, absent a valid reason, such as a scheduled conflict. Last year, all of the individuals then serving as directors attended the Annual Meeting in person.

The Board of Directors has the following three committees: (1) Compensation, (2) Audit and (3) Nominating. The Board of Directors has adopted a written charter for each of these committees, which are available on our website at [www.soligenix.com](http://www.soligenix.com) under the “Investors” section.

We have adopted a code of ethics that applies to all of our executive officers and senior financial officers (including our chief executive officer, chief financial officer, chief accounting officer, controller, and any person performing similar functions). A copy of our code of ethics is publicly available on our website at [www.soligenix.com](http://www.soligenix.com) under the “Investors” section. If we make any substantive amendments to our code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our chief executive officer, chief financial officer or chief accounting officer, we will disclose the nature of such amendment or waiver in a Current Report on Form 8-K.

#### Compensation Committee

The Board of Directors has a Compensation Committee, which is comprised of Dr. Rubin (Chair), Ms. Howson and Mr. Thompson. After the Annual Meeting, the Compensation Committee will be comprised of Dr. Rubin (Chair), Mr. Bownlie and Dr. Zeldis.

The Compensation Committee is responsible for reviewing and approving the executive compensation program, assessing executive performance, making grants of salary and annual incentive compensation and approving certain employment agreements. The Board of Directors has determined that Dr. Rubin, Ms. Howson and Mr. Thompson are “independent” directors, as such term is defined by the applicable NASDAQ listing standards. The Compensation Committee met two times during the fiscal year ended December 31, 2011.

#### Nominating Committee

The Board of Directors has a Nominating Committee, which is comprised of Mr. Lapointe (Chair), Ms. Howson and Dr. Zeldis. After the Annual Meeting, the Nominating Committee will be comprised of Dr. Zeldis (Chair), Mr. Bownlie and Mr. Lapointe.

The Nominating Committee makes recommendations to the Board of Directors regarding the size and composition of the Board of Directors, establishes procedures for the nomination process, recommends candidates for election to the Board of Directors and nominates officers for election by the Board of Directors. The Board of Directors has determined that Mr. Bownlie, Mr. Lapointe, Ms. Howson and Dr. Zeldis are “independent” directors, as such term is defined by the applicable NASDAQ listing standards. The Nominating Committee met once during the fiscal year ended December 31, 2011.

In considering candidates for the Board of Directors, the Nominating Committee considers the entirety of each candidate’s credentials and does not have any specific minimum qualifications that must be met by a nominee. However, the Nominating Committee believes that all members of the Board of Directors should have the highest character and integrity, a reputation for working constructively with others, sufficient time to devote to Board matters, and no conflict of interest that would interfere with performance as a director. In the case of current directors being

considered for nomination, the Nominating Committee also takes into account the director's history of attendance at meetings of the Board of Directors or its committees, the director's tenure as a member of the Board of Directors, and the director's preparation for and participation in such meetings.

We do not have a formal diversity policy or set of guidelines in selecting and appointing directors that comprise our Board of Directors. However, when making recommendations to our Board of Directors regarding the size and composition of our Board of Directors, our Nominating Committee does consider each individual director's qualifications, skills, business experience and capacity to serve as a director and the diversity of these attributes for the Board of Directors as a whole.

Stockholders who wish to suggest qualified candidates should write to the Office of the Secretary, Soligenix, Inc., 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540, specifying the name of the candidates and stating in detail the qualifications of such persons for consideration by the Nominating Committee. A written statement from the candidate consenting to be named as a candidate and, if nominated and elected, to serve as a director should accompany any such recommendation. Stockholders who wish to nominate a director for election at an Annual Meeting of Stockholders must otherwise comply with our By-laws regarding stockholder proposals and nominations. See “Deadline for Stockholder Proposals” contained herein.

#### Audit Committee

The Board of Directors has an Audit Committee, which is comprised of Keith L. Brownlie (Chair), Robert J. Rubin and Virgil D. Thompson. After the Annual Meeting, the Audit Committee will be comprised of Mr. Brownlie (Chair), Mr. Lapointe and Dr. Rubin.

The Audit Committee assists the Board of Directors in monitoring the financial reporting process, the internal control structure and the independence and performance of the internal audit department and the independent public accountants. Its primary duties are to serve as an independent and objective party to monitor the financial process and internal control system, to review and appraise the audit effort of the independent accountants and to provide an open avenue of communication among the independent accountants, financial and senior management, and the Board of Directors. The Board of Directors has determined that Mr. Brownlie, Mr. Lapointe, Dr. Rubin and Mr. Thompson are “independent” directors, within the meaning of applicable listing standards of NASDAQ and the Exchange Act and the rules and regulations thereunder. Mr. Brownlie qualifies as an “audit committee financial expert” as that term is defined in the applicable regulations of the Exchange Act. The Audit Committee met four times during the fiscal year ended December 31, 2011.

#### Report of the Audit Committee of the Board of Directors

The Audit Committee submits the following report for the year ended December 31, 2011:

The Audit Committee has reviewed and discussed with both management and the outside auditors the audited consolidated financial statements as of and for the year ended December 31, 2011. The Audit Committee’s review included discussion with the outside auditors of matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

The Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and has discussed with the independent auditors matters relating to the auditors’ independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements referred to above be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 for filing with the SEC.

Submitted by the Audit Committee,

/s/ Keith L. Brownlie (Chair of Audit Committee)

/s/ Robert J. Rubin

/s/ Virgil D. Thompson



Communications with the Board of Directors

Stockholders or other interested parties may communicate with the Board of Directors by sending a letter to Soligenix, Inc. Board of Directors, c/o The Office of the Secretary, Soligenix, Inc., 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540. The Office of the Secretary will receive the correspondence and forward it to the director(s) to whom the communication is addressed.

## Executive Compensation

The following table contains information concerning the compensation paid during each of the two years ended December 31, 2011 to our Chief Executive Officer and each of the four other most highly compensated executive officers during 2011 (collectively, the “Named Executive Officers”).

Name	Position	Year	Salary	Bonus	Option Awards	All Other Compensation	Total
Christopher J. Schaber <sup>1</sup>	CEO & President	2011	\$ 370,000	\$ 50,000	\$ 68,400	\$ 35,529	\$ 455,529
		2010	\$ 350,981	\$ 100,000	\$ 408,908	\$ 27,529	\$ 887,419
Evan Myriantopoulos <sup>2</sup>	Former CFO & Senior VP	2011	\$ 242,500	\$ 25,000	\$ 34,200	\$ 35,529	\$ 303,029
		2010	\$ 230,723	\$ 50,000	\$ 195,161	\$ 27,677	\$ 503,561
Robert N. Brey <sup>3</sup>	CSO & Senior VP	2011	\$ 210,000	\$ 13,000	\$ 19,950	\$ 21,853	\$ 244,853
		2010	\$ 210,000	\$ 40,000	\$ 157,987	\$ 11,955	\$ 419,942
Kevin J. Horgan <sup>4</sup>	CMO & Senior VP	2011	\$ 281,589	\$ 16,000	\$ 203,575	\$ 22,543	\$ 320,132
Joseph M. Warusz <sup>5</sup>	Acting CFO & VP	2011	\$ 104,028	\$ 7,000	\$ 152,620	\$ 19,627	\$ 130,655

- 1 Dr. Schaber deferred payment of his 2010 annual bonus of \$100,000 until January 15, 2011 and his 2011 annual bonus of \$50,000 until January 15, 2012. Option award figures include the value of Common Stock option awards at grant date as calculated under FASB ASC 718. Other compensation represents health insurance costs paid by the Company.
- 2 Mr. Myriantopoulos deferred payment of his 2010 annual bonus of \$50,000 until January 15, 2011 and his 2011 annual bonus of \$25,000 until January 15, 2012. Option award figures include the value of Common Stock option awards at grant date as calculated under FASB ASC 718. Other compensation represents health insurance costs paid by the Company. On February 15, 2012, Mr. Myriantopoulos’ employment agreement with the Company was terminated.
- 3 Dr. Brey deferred payment of his 2010 annual bonus of \$40,000 until January 15, 2011 and his 2011 annual bonus of \$13,000 until January 15, 2012. Option award figures include the value of Common Stock option awards at grant date as calculated under FASB ASC 718. Other compensation represents health insurance costs paid by the Company.
- 4 Dr. Horgan deferred payment of his 2011 annual bonus of \$13,000 until January 15, 2012. Option award figures include the value of Common Stock option awards at grant date as calculated under FASB ASC 718. Other compensation represents health insurance costs paid by the Company.
- 5 Mr. Warusz deferred payment of his 2011 annual bonus of \$7,000 until January 15, 2012. Option award figures include the value of Common Stock option awards at grant

date as calculated under FASB ASC 718. Other compensation represents health insurance costs paid by the Company. Mr. Warusz served as Vice President and Controller from May 2011 until February 15, 2012, when he became Acting Chief Financial Officer and Vice President Finance.

#### Employment and Severance Agreements

In August 2006, we entered into a three-year employment agreement with Christopher J. Schaber, Ph.D. Pursuant to this employment agreement, we agreed to pay Dr. Schaber a base salary of \$300,000 per year and a minimum annual bonus of \$100,000. This employment agreement was renewed in December 27, 2007 for an additional term of three years. We agreed to issue him options to purchase 125,000 shares of our Common Stock, with one third immediately vesting and the remainder vesting over three years. Upon termination without "Just Cause" as defined by this agreement, we would pay Dr. Schaber nine months of severance, as well as any accrued bonuses, accrued vacation, and we would provide health insurance and life insurance benefits for Dr. Schaber and his dependants for nine months following such termination. No unvested options shall vest beyond the termination date. Dr. Schaber's monetary compensation (base salary of \$300,000 and bonus of \$100,000) remained unchanged from 2006 with the 2007 renewal. Upon a change in control of the Company due to merger or acquisition, all of Dr. Schaber's options shall become fully vested, and be exercisable for a period of five years after such change in control (unless they would have expired sooner pursuant to their terms). In the event of his death during the term of the agreement, all of his unvested options shall immediately vest and remain exercisable for the remainder of their term and become the property of Dr. Schaber's immediate family. This agreement automatically renewed in December 2010 for an additional term of three years.

In December 2004, we entered into a three-year employment agreement with Evan Myriantopoulos. Pursuant to this employment agreement we agreed to pay Mr. Myriantopoulos a base salary of \$185,000 per year. After one year of service Mr. Myriantopoulos would be entitled to a minimum annual bonus of \$50,000. This employment agreement was renewed on December 27, 2007 for an additional term of three years. We agreed to issue him options to purchase 25,000 shares of our Common Stock, with the options vesting over three years. Upon termination without “Just Cause” as defined by this agreement, we would pay Mr. Myriantopoulos six months of severance subject to set off, as well as any unpaid bonuses and accrued vacation. No unvested options shall vest beyond the termination date. Mr. Myriantopoulos also received 7,500 options, vested immediately when he was hired in November 2004, as President and Acting Chief Executive Officer. Mr. Myriantopoulos’ monetary compensation (base salary of \$200,000 and bonus of \$50,000) remained unchanged from 2006 with the 2007 renewal. Upon a change in control of the Company due to merger or acquisition, all of Mr. Myriantopoulos’ options shall become fully vested, and be exercisable for a period of three years after such change in control (unless they would have expired sooner pursuant to their terms). In the event of his death during the term of the agreement, all of his unvested options shall immediately vest and remain exercisable for the remainder of their term and become property of Mr. Myriantopoulos’ immediate family. This employment agreement was amended on January 4, 2011, extending his employment for an additional two years, and thereafter the term of employment automatically renews for a period of two years, unless the Company or Mr. Myriantopoulos deliver three months notice of an election not to renew the term. On February 15, 2012, Mr. Myriantopoulos’ employment agreement was terminated, however he will continue to serve as a member of our Board of Directors until the Annual Meeting. As set forth in the employment agreement, we will pay Mr. Myriantopoulos six months of severance, accrued bonus and vacation as well as provide insurance benefits during the term of his severance.

On March 27, 2009, the Compensation Committee approved the increase in salaries for Dr. Schaber to \$350,000 and Mr. Myriantopoulos to \$230,000.

On June 22, 2011, the Compensation Committee approved the increase in salaries for Dr. Schaber to \$390,000 and Mr. Myriantopoulos to \$255,000. Additionally, their fixed minimum annual bonus payable was eliminated and revised to an annual targeted bonus of their respective annual base salary. Dr. Schaber and Mr. Myriantopoulos targeted bonus is 40% and 30%, respectively.

In January 2011, we entered into a two-year employment agreement with Dr. Kevin J. Horgan. Pursuant to this employment agreement we agreed to pay Dr. Horgan a base salary of \$290,000 per year, a one-time signing bonus of \$15,000 and a targeted annual bonus of 30% of base salary. We agreed to issue him options to purchase 62,500 shares of our Common Stock, with one third immediately vesting and the remainder vesting over three years. Upon termination without “Just Cause” as defined by this agreement, we would pay Dr. Horgan six months of severance, as well as any accrued bonuses, accrued vacation, and we would provide health insurance benefits for Dr. Horgan and his dependants. No unvested options shall vest beyond the termination date.

We do not currently have an employment agreement with Robert N. Brey, our Chief Scientific Officer and Senior Vice President. Dr. Brey’s compensation is determined by our Board of Directors and our Compensation Committee.

In May 2011, we entered into a one-year employment agreement with Mr. Joseph M. Warusz, our Acting Chief Financial Officer, Vice President Finance and Chief Accounting Officer. Pursuant to the agreement, we have agreed to pay Mr. Warusz \$175,000 per year and a targeted annual bonus of 20% of base salary. We also agreed to issue him options to purchase 40,000 shares of our Common Stock with one-third immediately vesting and the remainder vesting over three years. Upon termination without “Just Cause”, as defined in this agreement, we would pay Mr. Warusz three months of severance, accrued bonuses and vacation, and health insurance benefits. No unvested options vest beyond the termination date. On December 1, 2011, the Compensation Committee increased the salary of Mr. Warusz to \$180,000.



In February 2007, our Board of Directors authorized the issuance of the following number of shares to each of Dr. Schaber and Dr. Brey immediately prior to the completion of a transaction, or series or a combination of related transactions negotiated by our Board of Directors whereby, directly or indirectly, a majority of our capital stock or a majority of our assets are transferred from the Company and/or our stockholders to a third party: 50,000 common shares to Dr. Schaber and 10,000 common shares to Dr. Brey. The amended agreement with Dr. Schaber includes our obligation to issue such shares to him if such event occurs.

#### Outstanding Equity Awards at Fiscal Year-End

The following table contains information concerning unexercised options, stock that has not vested, and equity incentive plan awards for the Named Executive Officers outstanding at December 31, 2011 as adjusted for the reverse stock split of 1-for-20 effective February 1, 2012. We have never issued Stock Appreciation Rights.

Name	Number of Securities Underlying Unexercised Options (#)		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date
	Exercisable	Unexercisable	Unexercised	Unearned		
Christopher J. Schaber	125,000	-	-	\$	5.40	8/28/2016
	45,000	-	-	\$	9.40	8/9/2017
	140,000	-	-	\$	1.20	12/17/2018
	61,875	48,125	48,125	\$	4.64	6/30/2020
	30,000	90,000	90,000	\$	0.64	11/30/2021
Evan Myrianthopoulos	7,500	-	-	\$	7.00	11/14/2012
	2,500	-	-	\$	18.00	9/15/2013
	2,500	-	-	\$	11.60	6/11/2014
	7,500	-	-	\$	9.40	11/10/2014
	25,000	-	-	\$	9.80	12/13/2014
	20,000	-	-	\$	7.00	5/10/2016
	27,500	-	-	\$	9.40	8/9/2017
	60,000	-	-	\$	1.20	12/17/2018
	29,531	22,969	22,969	\$	4.64	6/30/2020
15,000	45,000	45,000	\$	0.64	11/30/2021	
Robert N. Brey	30,000	-	-	\$	6.60	5/10/2016
	10,000	-	-	\$	9.40	8/9/2017
	40,000	-	-	\$	1.20	12/17/2018
	23,906	18,594	18,594	\$	4.64	6/30/2020
	8,750	26,250	26,250	\$	0.64	11/30/2021
Kevin J. Horgan	27,344	35,156	35,156	\$	3.44	1/30/2021
	15,000	45,000	45,000	\$	0.64	11/30/2021
Joseph M. Warusz	15,000	25,000	25,000	\$	4.10	5/30/2021

7,500            22,500            22,500 \$            0.64            11/30/2021

## Compensation of Directors

The following table contains information concerning the compensation of the non-employee directors during the fiscal year ended December 31, 2011.

Name	Fees Earned Paid in Cash <sup>1</sup>	Option Awards <sup>2</sup>	Total
Keith Brownlie	\$ 9,245	\$ 46,944	\$ 56,189
Tamar D. Howson <sup>3</sup>	\$ 23,073	\$ 30,001	\$ 53,074
Gregg A. Lapointe	\$ 26,497	\$ 30,001	\$ 56,498
Robert J. Rubin	\$ 29,746	\$ 30,001	\$ 59,747
Virgil D. Thompson <sup>4</sup>	\$ 29,507	\$ 30,001	\$ 59,508
Jerome Zeldis	\$ 5,495	\$ 46,944	\$ 52,439

- 1 Directors who are compensated as full-time employees receive no additional compensation for service on our Board of Directors. For calendar year 2011, each independent director who was not a full-time employee was paid \$20,000, on a prorated basis, for his or her service on our Board of Directors, the chair of our Audit Committee was paid \$15,000, on a prorated basis, and the chairs of our Compensation and Nominating Committees were paid \$10,000, on a prorated basis. Additionally, for calendar year 2011, non-chair Audit Committee members were paid \$7,500, on a prorated basis, and non-chair Compensation Committee and Nominating Committee members were paid \$5,000, on a prorated basis. For calendar year 2012, compensation for service on our Board of Directors has been increased to \$35,000, on a prorated basis, for each independent director who is not a full-time employee and the compensation for service as a chair or a member of the committees of the Board remaining the same as for calendar year 2011. This compensation is paid quarterly, in arrears.
- 2 For calendar year 2011, members of our Board of Directors who were not full-time employees (i) received an initial grant of fully vested options to purchase 15,000 shares of Common Stock and (ii) upon re-election to the Board of Directors, received stock options with a value of \$30,000 based upon the Black Scholes valuation method, which options vest at the rate of 25% per quarter, commencing with the first quarter after each annual meeting of stockholders. For calendar year 2012, members of our Board of Directors who are not full-time employees (i) will receive an initial grant of fully vested options to purchase 15,000 shares of Common Stock and (ii) upon re-election to the Board, will receive stock options to purchase 25,000 shares of Common Stock, which options vest at the rate of 25% per quarter, commencing with the first quarter after the Annual Meeting. Future compensation will be evaluated on an annual basis by the Compensation Committee and the Board of Directors.
- 3 Ms. Howson is not standing for re-election as a director.
- 4 Mr. Thompson is not standing for re-election as a director.

## Consideration and Determination of Executive and Director Compensation

The Compensation Committee of the Board of Directors is comprised of Dr. Rubin, Ms. Howson and Mr. Thompson. The Board of Directors has determined that Dr. Rubin, Ms. Howson and Mr. Thompson are “independent” directors, as such term is defined by the applicable NASDAQ listing standards.



The Compensation Committee provides overall guidance on compensation and benefits policy. In addition, the Compensation Committee approves and monitors:

- executive compensation and benefits programs;
  - executive employment agreements;
- 1995 Amended and Restated Omnibus Incentive Plan; and
  - 2005 Equity Incentive Plan.

The primary objectives of the Compensation Committee are to ensure that the executive compensation and benefits programs:

- are competitive with other growing companies of similar size and business;
- are effective in driving performance to achieve financial goals and create stockholder value;
  - are cost-efficient and fair to employees, management and stockholders; and
- are designed to attract, motivate, reward, and retain the competent and talented executives needed.

To achieve these objectives, the Compensation Committee meets at least once and usually several times during each fiscal year to review the existing compensation and benefits programs and to consider modifications that seek to provide a direct relationship between executive compensation and sustained corporate performance.

The Compensation Committee makes executive compensation decisions on the basis of total remuneration and seeks to create an integrated total remuneration program structured to balance short and long-term financial goals. A significant amount of total compensation is comprised of bonus provisions which are specified in their contracts and which are intended to align executive interest with stockholder interest.

The Compensation Committee recommends to the Board of Directors a salary within a designated band for the respective executives, which is based on merit, performance and length of service. Bonus provisions for all executives are based on increase (if any) of net incremental profit over prior year highest net profit, subject to guaranteed minimum bonuses.

Non-executive employees were granted stock options under the 2005 Equity Incentive Plan, approved by the stockholders, also in order to motivate, reward, and retain them while meeting goals and allowing them to share in the growth.

#### Stock Ownership Policy

In April 2012, our Board of Directors adopted a stock ownership policy applicable to our non-employee directors to strengthen the link between director and stockholder interests. Pursuant to the stock ownership policy, each non-employee director is required to hold a minimum ownership position in the Common Stock equal to the annual cash compensation paid for service on the Board of Directors, exclusive of cash compensation paid for service as a chair or member of any committees of the Board of Directors.

Stock counted toward the ownership requirement includes Common Stock held by the director, unvested and vested restricted stock, and all shares of Common Stock beneficially owned by the director held in a trust and by a spouse and/or minor children of the director. The policy provides that the ownership requirement must be attained within three years after the later of the date of the Annual Meeting and the date a director is first elected or appointed to the Board of Directors. To monitor progress toward meeting the requirement, the Nominating Committee will review director ownership levels at the end of March of each year. Non-employee directors are prohibited from selling any shares of Common Stock unless such director is in compliance with the stock ownership policy. A copy of our director compensation and stock ownership policy is publicly available on our website at [www.soligenix.com](http://www.soligenix.com) under the "Investors" section.

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## Stock Performance Graph

The following graph compares the changes over the last five years in the value of \$100 invested at December 31, 2006 in (i) our Common Stock, (ii) the Standard & Poor's 500 Stock Index ("S&P 500 Index") and (iii) the NYSE Arca Biotechnology Index. The year-end values of each investment are based on share price appreciation and the reinvestment of all dividends. Historical stock price performance shown on the performance graph is not necessarily indicative of future stock price performance.

Year	Soligenix, Inc.	S&P 500 Index	NYSE Arca Biotechnology Index
2006	100.00	100.00	100.00
2007	70.83	105.50	104.26
2008	25.00	66.47	85.79
2009	104.15	84.05	124.88
2010	79.16	96.71	172.01
2011	11.54	98.75	144.75

## SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The table below provides information regarding the beneficial ownership of the Common Stock as of April 20, 2012 of (1) each person or entity who owns beneficially 5% or more of the shares of our outstanding Common Stock, (2) each of our directors and nominees for director, (3) each of the Named Executive Officers, and (4) our directors and executive officers as a group. Except as otherwise indicated, and subject to applicable community property laws, we believe the persons named in the table have sole voting and investment power with respect to all shares of Common Stock held by them.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned**	Percent of Class
Paolo Cavazza <sup>1</sup>	3,379,953	29.22%
Claudio Cavazza (deceased) <sup>2</sup>	3,068,464	26.73%
Sigma-Tau Pharmaceuticals, Inc. <sup>3</sup>	3,068,464	26.73%
Christopher J. Schaber <sup>4</sup>	458,483	3.97%
Evan Myrianthopoulos <sup>5</sup>	204,052	*
Gregg A. Lapointe <sup>6</sup>	111,489	*
Robert N. Brey <sup>7</sup>	117,501	*
Robert J. Rubin <sup>8</sup>	49,202	*
Joseph Warusz <sup>9</sup>	26,875	*
Kevin J. Horgan <sup>10</sup>	50,000	*
Tamar D. Howson <sup>11</sup>	22,163	*
Virgil D. Thompson <sup>12</sup>	22,163	*
Keith Brownlie <sup>13</sup>	15,000	*
Jerry Zeldis <sup>14</sup>	15,000	*
All directors and executive officers as a group (11 persons)	1,091,928	9.02%

1 Includes (a) 2,711,392 shares of Common Stock and warrants to purchase 357,072 shares of Common Stock exercisable within 60 days of April 20, 2012 held by Sigma-Tau Pharmaceuticals, Inc., (b) 223,685 shares of Common Stock and warrants to purchase 87,854 shares held by Chaumiere Sarl, and (c) 59,539 shares held by Mr. Paolo Cavazza. Sigma-Tau Pharmaceuticals, Inc. is a direct wholly-owned subsidiary of Sigma-Tau America S.A., which is a direct wholly-owned subsidiary of Sigma-Tau International S.A., which is a direct wholly-owned subsidiary of Sigma-Tau Finanziaria S.p.A. Mr. Paolo Cavazza directly and indirectly owns 38% of Sigma-Tau Finanziaria S.p.A. Chaumiere Sarl is an indirect wholly owned subsidiary of Aptafin S.p.A., which is owned by Mr. Paolo Cavazza and members of his family. Accordingly, Mr. Paolo Cavazza may be deemed to beneficially own the shares beneficially owned by Sigma-Tau Pharmaceuticals, Inc. and Chaumiere Sarl. Mr. Paolo Cavazza's address is Via Tesserte, 10, Lugano, Switzerland.

2 Includes 2,711,392 shares of Common Stock and warrants to purchase 357,072 shares of Common Stock exercisable within 60 days of April 20, 2012 held by Sigma-Tau Pharmaceuticals, Inc. Sigma-Tau Pharmaceuticals, Inc. is a direct wholly-owned subsidiary of Sigma-Tau America S.A., which is a direct wholly-owned subsidiary of Sigma-Tau International S.A., which is a direct wholly-owned subsidiary of Sigma-Tau Finanziaria S.p.A. Mr. Claudio Cavazza directly and indirectly owned 57% of Sigma-Tau Finanziaria S.p.A. Accordingly, Mr. Claudio Cavazza may have been deemed to beneficially own the shares beneficially owned by Sigma-Tau Pharmaceuticals, Inc. Mr. Claudio Cavazza's address was Via Sudafrica, 20, Rome, Italy 00144. The address of Sigma-Tau Pharmaceuticals, Inc. is c/o Sigma-Tau Pharmaceuticals, Inc., 9841 Washingtonian Boulevard, Suite 500, Gaithersburg, Maryland 20878.

3

Includes 2,280,962 shares of Common Stock and warrants to purchase 98,814 shares of Common Stock exercisable within 60 days of April 20, 2012. The amount does not include 77,344 shares of Common Stock held by Paolo Cavazza, one of the principal owners of Sigma-Tau. The address of Sigma-Tau Pharmaceuticals, Inc. is 9841 Washingtonian Boulevard, Suite 500, Gaithersburg, Maryland 20878.

- 4 Includes 40,257 shares of Common Stock owned by Dr. Schaber, options to purchase 416,250 shares of Common Stock exercisable within 60 days of April 20, 2012, and warrants to purchase 1,976 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Dr. Schaber is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

- 5 Includes 11,239 shares of Common Stock owned by Mr. Myriantopoulos and his wife and options to purchase 192,813 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Mr. Myriantopoulos is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540. Mr. Myriantopoulos' term as a director will expire at the Annual Meeting.
- 6 Includes 48,781 shares of Common Stock, options to purchase 33,440 shares of Common Stock exercisable within 60 days of April 20, 2012, and warrants to purchase 29,268 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Mr. Lapointe is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.
- 7 Includes options to purchase 117,501 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Dr. Brey is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.
- 8 Includes 12,195 shares of Common Stock, options to purchase 29,690 shares of Common Stock exercisable within 60 days of April 20, 2012, and warrants to purchase 7,317 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Dr. Rubin is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.
- 9 Includes options to purchase 26,875 shares of Common Stock owned by Mr. Warusz exercisable within 60 days of April 20, 2012. The address of Mr. Warusz is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.
- 10 Includes options to purchase 50,000 shares of Common Stock owned by Dr. Horgan exercisable within 60 days of April 20, 2012. The address of Dr. Horgan is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.
- 11 Includes options to purchase 22,163 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Ms. Howson is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540. Ms. Howson is not standing for re-election as a director.
- 12 Includes options to purchase 22,163 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Mr. Thompson is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540. Mr. Thompson is not standing for re-election as a director.
- 13 Includes options to purchase 15,000 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Mr. Brownlie is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.
- 14 Includes options to purchase 15,000 shares of Common Stock exercisable within 60 days of April 20, 2012. The address of Mr. Zeldis is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

\* Indicates less than 1%.

\*\* Beneficial ownership is determined in accordance with the rules of the SEC. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days of April 20, 2012 are deemed outstanding for computing the percentage ownership of the stockholder holding the options or warrants, but are not deemed outstanding for computing the percentage ownership of any other stockholder. Percentage of ownership is based on \_\_\_\_\_ shares of Common Stock outstanding as of April 20, 2012.

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## Equity Compensation Plan Information

In December 2005, our Board of Directors approved the 2005 Plan, which was approved by stockholders on December 29, 2005. In September 2007, our stockholders approved an amendment to the 2005 Plan to increase the maximum number of shares of our Common Stock available for issuance under the plan by 500,000 shares, bringing the total shares reserved for issuance under the plan to 1,000,000 shares. In September 2010, our stockholders approved a second amendment to the 2005 Plan to increase the maximum number of shares of our Common Stock available for issuance under the plan by 750,000 shares, bringing the total shares reserved for issuance under the plan to 1,750,000 shares. The following table provides information, as of December 31, 2011 with respect to options outstanding under our 1995 Amended and Restated Omnibus Incentive Plan and our 2005 Plan. All share numbers in this paragraph and in the following table have been adjusted for the 1-for-20 reverse stock split effective February 1, 2012.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders <sup>1</sup>	1,095,242	\$ 4.41	60,692
Equity compensation plans not approved by security holders	-	-	-
Total	1,095,242	\$ 4.41	60,692

<sup>1</sup> Includes our 1995 Amended and Restated Omnibus Incentive Plan and our 2005 Plan. Our 1995 Amended and Restated Omnibus Incentive Plan expired in 2005 and thus no securities remain available for future issuance under that plan.

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PROPOSAL 2  
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

General

Our Amended and Restated Certificate of Incorporation currently provides for 20,000,000 shares of authorized Common Stock. Our Board of Directors has adopted a resolution to approve a Second Amended and Restated Certificate of Incorporation, which increases the authorized number of shares of Common Stock to 50,000,000, subject to stockholder approval. No changes will be made to the number of authorized shares of our preferred stock.

The proposed increase in the number of authorized shares of Common Stock will be effected by deleting the introductory paragraphs of Article IV and replacing them in full as follows:

“The total number of shares of capital stock of all classes which the Corporation shall have authority to issue is Fifty Million Two Hundred Fifty Thousand (50,250,000) shares, of which Fifty Million (50,000,000) shares, of par value of \$0.001 per share, shall be of a class designated “Common Stock,” Two Hundred Twenty Five Thousand (225,000) shares, of a par value of \$0.001 per share, shall be of a class designated “Preferred Stock,” Ten Thousand (10,000) shares, of a par value of \$0.05 per share, shall be of a class designated “Series B Convertible Preferred Stock,” Ten Thousand (10,000) shares, of a par value of \$0.05 per share, shall be of a class designated “Series C Convertible Preferred Stock,” and Five Thousand (5,000) shares, of a par value of \$0.001 per share, shall be of a class designated “Series A Junior Participating Preferred Stock.”

The designations, powers, preferences, privileges, and relative, participating, option, or other special rights and qualifications, limitations, or restrictions of the above classes of capital stock shall be as follows:”

A copy of the proposed Second Amended and Restated Certificate of Incorporation is set forth in Annex A attached hereto.

Purpose of Second Amended and Restated Certificate of Incorporation

As of April 20, 2012, we had \_\_\_\_\_ shares of Common Stock outstanding. In addition, as of such date, \_\_\_\_\_ shares were reserved for issuance upon exercise of outstanding warrants and \_\_\_\_\_ shares were reserved for issuance upon exercise of presently outstanding options under the 1995 Amended and Restated Omnibus Incentive Plan and options granted under the 2005 Plan. Based upon the foregoing number of outstanding and reserved shares of Common Stock, we have \_\_\_\_\_ shares remaining available for other purposes. We also have \_\_\_\_\_ shares available for future option grants under the 2005 Plan and zero shares available for future option grants under the 1995 Amended and Restated Omnibus Incentive Plan.

The proposed increase in the number of shares available for issuance is intended to provide the Board of Directors with authority, without further action of the stockholders, to issue the additional shares of Common Stock, from time to time in such amounts as the Board of Directors deems necessary. Without limitation of the foregoing, the additional shares may be issued in connection with (1) capital raising transactions through the sale of Common Stock and/or securities convertible into or exercisable for Common Stock in the private and/or public equity markets to support a higher level of growth, respond to competitive pressures, develop new products and services and support new strategic partnership expenditures, and (2) strategic partnering or acquisition transactions involving the issuance of our securities as well as to meet long-term corporate objectives.



The need to increase the authorized number of shares is primarily driven by our desire to have sufficient shares available for possible merger and acquisition activities, securities offerings, and other corporate development objectives that may occur over the coming years. However, we have no present plans, arrangements or understandings with any specific entity to engage in such activities.

In the absence of a proportionate increase in our earnings and book value, an increase in the aggregate number of outstanding shares of Common Stock caused by the issuance of the additional shares would dilute the earnings per share (including projected future earnings per share) and book value per share of all outstanding shares of our Common Stock. If such factors were reflected in the price per share of the Common Stock, the potential realizable value of a stockholder's investment could be adversely affected. An issuance of additional shares of Common Stock could therefore have an adverse effect on the potential realizable value of a stockholder's investment. The holders of outstanding shares of Common Stock have no preemptive rights to purchase additional shares.

The proposed increase in the authorized number of shares of Common Stock could have other effects on our stockholders. The increase could deter takeovers, in that additional shares could be issued (within the limits imposed by applicable law) in one or more transactions that could make a change in control or takeover of us more difficult. For example, additional shares could be issued by us so as to dilute the stock ownership or voting rights of persons seeking to obtain control. Similarly, the issuance of additional shares to certain persons allied with our management could have the effect of making it more difficult to remove our current management by diluting the stock ownership or voting rights of persons seeking to cause such removal.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote “FOR” the approval of the Second Amended and Restated Certificate of Incorporation.

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PROPOSAL 3  
AMENDMENT TO 2005 PLAN

General

In 2005, the Board of Directors and stockholders adopted the 2005 Plan. The 2005 Plan constitutes a key element of the Company's total compensation program. This plan is designed to advance our interests by providing for the grant of stock-based and other incentive awards to our key employees and key non-employees.

Purpose

As a result of prior grants of stock options under the 2005 Plan, \_\_\_\_\_ shares of Common Stock remained available for grant under the 2005 Plan as of April 20, 2012. The Board has unanimously adopted resolutions setting forth the proposed amendment to the 2005 Plan, declaring its advisability and directing that the proposed amendment be submitted to stockholders for their approval. If adopted by the stockholders, the amendment will become immediately effective, which the Company currently expects will occur on or about June 21, 2012. If approved, the total number of shares available for the grant under the 2005 Plan will be increased by 1,250,000 shares, and the aggregate number of shares will increase from 1,750,000 to 3,000,000.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote "FOR" the approval of the proposed amendment to the 2005 Plan.

Summary of the 2005 Plan

The following summary of the material features of the 2005 Plan is qualified in its entirety by the full text of the 2005 Plan that appears as Annex B to this proxy statement. All references to the "Code" are to the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto. This summary does not include the proposed increase in number of number of shares of Common Stock available for the grant under the 2005 Plan.

The 2005 Plan became effective on December 29, 2005 and will terminate on the date of the annual meeting of the Board of Directors immediately following the tenth (10th) anniversary of the Board of Director's adoption of the plan. The 2005 Plan is administered by the Compensation Committee of the Board of Directors.

The 2005 Plan provides for the grant of stock options (both non-statutory options or "NSOs" and, in the case of employees, incentive stock options or "ISOs"), restricted stock, deferred stock and unrestricted stock. Unless otherwise determined by the Compensation Committee, awards may not be transferred except by will or by the laws of descent and distribution.

Number of Shares.

A maximum of 1,750,000 shares of Common Stock may be delivered in satisfaction of awards made under the 2005 Plan. The maximum number of shares of Common Stock for which stock options may be granted to any person in any calendar year will be 200,000. The maximum benefit that will be paid to any person under other awards in any calendar year will be 100,000 shares. In the event of a stock dividend, stock split or other change in our capital structure, or a distribution to stockholders other than normal cash dividends, the Compensation Committee will make appropriate adjustments to the limits described above and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to and available for awards, any exercise prices relating to awards and any other provisions of awards affected by the change. The Compensation Committee may also make similar adjustments

in response to any other event, as the Compensation Committee deems appropriate, to avoid distortion in the operation of the 2005 Plan. Any such adjustment shall, to the extent applicable, comply with Section 409A of the Code.

The share limitations described above are in addition to the limitation on the number of shares available for awards under the 2005 Plan. The maximum number of shares that may be issued under the 2005 Plan represents approximately \_\_\_\_\_% of the total number of shares of the Common Stock outstanding on April 20, 2012.

#### Administration of 2005 Plan.

The 2005 Plan is administered by a committee of the Board of Directors, currently the Compensation Committee. Compensation Committee members are required to satisfy applicable requirements for independence. The Compensation Committee will have full authority to determine who will receive awards and to determine the types of awards to be granted as well as the amounts, terms, and conditions of any awards. The Compensation Committee will determine any questions that may arise regarding the interpretation and application of the provisions of the 2005 Plan and to make, administer and interpret such rules and regulations as it deems necessary or advisable. The Compensation Committee's determinations are conclusive and bind all parties.

#### Eligibility.

Participation in the 2005 Plan is limited to our key employees and to key non-employees (other persons or entities including consultants and non-Employee directors who, in the opinion of the Compensation Committee, are in a position to make a significant contribution to the success of the Company).

#### Stock Options.

Each stock option awarded under the 2005 Plan will be a NSO unless expressly designated as an ISO at the time of the grant. The exercise price of stock options granted under the 2005 Plan will be determined by the Compensation Committee, but may not be less than 100% of the fair market value of the Common Stock subject to the option, determined at the time the option is granted unless otherwise required by the Code with respect to an ISO. The term of any option granted under the 2005 Plan may not exceed ten years. Options will be exercisable at such time or times and on such conditions as the Compensation Committee specifies. Notwithstanding the foregoing, to the extent that any NSO is granted at an exercise price less than 100% of the fair market value of the Common Stock subject to the option, the requirements of Section 409A of the Code shall be satisfied as set forth in more particularity in the individual stock option agreement.

#### Restricted Stock Awards; Unrestricted Stock; Deferred Stock.

The 2005 Plan provides for awards of nontransferable shares of Common Stock which may be subject to repurchase or forfeiture as set forth in more particularity in the individual restricted stock agreement. The Compensation Committee may, at the time any other award is granted, provide that any or all the Common Stock delivered pursuant to an award will be restricted Common Stock. The 2005 Plan also provides for awards of unrestricted stock, but no more than 75,000 shares of unrestricted stock in the aggregate may be granted at less than fair market value or not in lieu of cash compensation equal to fair market value. The 2005 Plan provides for deferred grants entitling the recipient to receive Common Stock upon the satisfaction of conditions determined by the Compensation Committee in its discretion. To the extent required, all such awards shall comply with the requirements of Section 409A of the Code.

#### Performance Awards.

Any award under the 2005 Plan may be made subject to the satisfaction of performance criteria specified by the Compensation Committee. In the case of performance awards intended to qualify for exemption under Section 162(m) of the Code, the Compensation Committee will use objectively determinable measures of performance in accordance with Section 162(m) that are based on any or any combination of the following (measured either absolutely or by

reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings. Any performance criterion based on performance over time will be determined by reference to a period of at least one year. The Compensation Committee will determine whether the performance criteria that have been chosen for a particular performance award have been met. Notwithstanding the foregoing, to the extent that any award under the 2005 Plan may be subject to Section 409A of the Code and subject to the satisfaction of performance criteria specified by the Compensation Committee, such performance parameters shall specifically comply with Section 409A of the Code in addition to such criteria necessary to qualify for exemption under Section 162(m) of the Code.

Termination of Affiliation with Company: Effect on Stock Options.

Except as otherwise determined by the Compensation Committee or as stipulated by an employment contract, if a participant in the 2005 Plan dies, any ISO or NSO granted with an exercise price equal to or greater than the fair market value of the underlying shares owned by the participant will, to the extent exercisable on the date of death, remain exercisable for a one-year period, provided that no such option will be exercisable beyond the end of its original term. In addition, and except as otherwise determined by the Compensation Committee or as stipulated by an employment contract, if a participant's affiliation with the Company ends because of the participant's total and permanent disability, then any ISOs and NSOs granted with an exercise price equal to or greater than the fair market value of the underlying shares held by the participant that were exercisable at the time of disability may be exercised by the participant at any time in accordance with the original terms of the options. Finally, and except as otherwise determined by the Compensation Committee, if a participant's employment (or other applicable affiliation with the Company) terminates for any reason other than death or disability, ISOs and NSOs granted with an exercise price equal to or greater than the fair market value of the underlying shares that were exercisable at the time the participant ceased to be affiliated with the Company will remain exercisable for three months, provided that (i) under no circumstances will any option be extended beyond its original term; and (ii) in the case of termination of the participant for cause, the Compensation Committee may elect to terminate any options immediately. In all cases, ISOs and NSOs granted with an exercise price equal to or greater than the fair market value of the underlying shares that are not exercisable on the date of termination will terminate on that date. With respect to any NSO granted with an exercise price equal to or greater than the fair market value of the underlying shares, the treatment of the option upon a termination of affiliation with the Company shall be set forth in the individual stock option agreement as determined by the Compensation Committee.

Termination of Affiliation with the Company: Effect on Restricted and Deferred Stock.

Upon a termination of affiliation of the Company, as set forth in more particularity in the individual restricted and/or deferred stock award agreement and as determined by the Compensation Committee, any share of Common Stock subject to a continuing restriction may be repurchased by the Company. Common Stock awards, whether restricted or deferred, to which the participant did not become irrevocably entitled prior to the termination of the participant's affiliation with the Company will be forfeited upon termination of affiliation.

Effect of Certain Mergers, Consolidations, Etc.

In the case of certain mergers, consolidations or similar transactions in which a majority of our stock or all or substantially all of its assets are acquired, or in the case of a dissolution or liquidation, the Compensation Committee may, in its discretion, make options immediately exercisable, remove restrictions on shares of restricted Common Stock, waive conditions on any deferred awards of Common Stock and remove any performance or other conditions on any award. In addition, the Compensation Committee may, under such circumstances, provide for replacement awards for certain participants. Notwithstanding the foregoing, to the extent applicable, any such modification and/or replacement award shall comply with the requirements of Section 409A of the Code as set forth in more particularity in the individual option or stock award agreement.

Amendment of 2005 Plan.

The Compensation Committee may amend the 2005 Plan or any outstanding award for any purpose that may at the time be permitted by law, and may at any time terminate the 2005 Plan as to any future grants of awards. The Compensation Committee may not, without the approval of our stockholders, effectuate a change to the 2005 Plan (i) for which stockholder approval is required in order for the 2005 Plan to continue to qualify for the award of ISOs under Section 422 of the Code or for the award of performance-based compensation under Section 162(m) of the

Code; or (ii) if the change would increase the aggregate number of shares of Common Stock that may be delivered under the 2005 Plan, or change the class of persons or entities that qualify as participants under the 2005 Plan. Specifically, and in addition to the foregoing, the 2005 Plan may be amended, to the extent necessary, to comply with regulatory and legislative requirements, including but not limited to Section 409A of the Code.



## Federal Income Tax Consequences

The following discussion summarizes certain of the material federal income tax consequences under the Code of the issuance and receipt of options under the 2005 Plan.

### Incentive Stock Options.

In general, an optionee realizes no taxable income upon the grant or exercise of an ISO, although the exercise of an ISO may result in an alternative minimum tax liability. With certain exceptions, a disposition of shares purchased under an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the optionee (with a corresponding deduction available to the Company) generally equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is generally treated as a capital gain for which the Company is not entitled to a deduction. If the optionee does not dispose of the shares until after the expiration of these one-and two-year holding periods, any gain or loss recognized upon a subsequent disposition is generally treated as a long-term capital gain or loss for which the Company is not entitled to a deduction.

In general, an ISO that is exercised more than three months after termination of employment (other than termination by reason of death) is treated as a NSO. ISOs are also treated as non-statutory options to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of \$100,000.

### Non-statutory Options.

In general, in the case of a NSO granted with an exercise price equal to or greater than the fair market value of the underlying shares, the optionee has no taxable income at the time of grant but realizes ordinary income in connection with exercise of the option in an amount equal to the excess (at time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price. A corresponding deduction is available to the Company equal to the amount of ordinary income recognized by the optionee. Upon a subsequent disposition of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which the Company is not entitled to a deduction. The ordinary income recognized on exercise shall be subject to applicable withholding and employment taxes.

With respect to NSOs granted with an exercise price at less than the fair market value of the underlying shares, it is intended that, the individual stock option agreement will contain such terms and conditions as are required under Section 409A of Code including without limitation provisions applicable to the vesting and exercise of such NSOs such that taxation will not occur until exercise of these options under the general rules for NSOs granted with an exercise price equal to or greater than the fair market value of the underlying shares.

The foregoing summary assumes that stock options are exercised for substantially vested stock. Where a stock option is exercised for restricted stock, as is permitted by the 2005 Plan, the tax treatment will differ from the treatment summarized above. In general, a participant who exercises a NSO for restricted stock will have income taxable at ordinary income rates only when the stock vests, in an amount equal to the fair market value of the stock at time of vesting less the exercise price. However, the participant may make a special election under Section 83(b) of the Code to have the income measured and taken into account, instead, at time of exercise. Such election must be made within 30 days of exercise. In either case, a corresponding deduction will be available to the Company. In the case of a participant who exercises an ISO for restricted stock, the determination of "alternative minimum taxable income" (relevant in determining whether an alternative minimum tax must be paid) will follow rules similar to the rules for determining ordinary income in the case of the exercise of a NSO. For federal income tax purposes, the exercise of an

ISO for restricted stock will be treated the same as the exercise of an ISO for substantially vested stock, provided that the shares are held for the requisite one-year and two-year holding periods described above, but further provided that an election under Section 83(b) of the Code may not be available with respect to the early recognition of ordinary income upon exercise if the one-year and two-year holding periods described above are not met.

Specific provisions regarding the impact of a change in control of the Company on any award granted under the 2005 Plan will, to the extent necessary, comply with the requirements of Section 409A of the Code and as set forth in more particularity in the individual option and/or stock award agreement.

The Code also limits to \$1 million the deduction the Company may claim for compensation paid annually to any of the Chief Executive Officer or the three most highly paid executive officers other than the Chief Financial Officer (each a "Covered Person"), subject to a number of exceptions. The deduction limitation rules provide an exemption for compensation attributable to the exercise of non-discounted stock options that satisfy certain requirements. Stock options awarded under the 2005 Plan are intended to qualify for this exemption.

#### Stock Awards.

Persons receiving Common Stock pursuant to an award generally will recognize compensation income equal to the fair market value of the shares received, reduced by any purchase price paid. Such compensation income will be taxed at ordinary income rates and subject to applicable withholdings and employment taxes. The Company generally should be entitled to a corresponding deduction for federal income tax purposes when such person recognizes compensation income. When such Common Stock is sold, the seller generally will recognized capital gain or loss equal to the difference between the amount realized upon the sale and the seller's adjusted tax basis in the Common Stock (generally, the amount that the seller paid for such stock plus the amount taxed to the seller as compensation income). Special rules apply if the Common Stock acquired pursuant to an award is subject to vesting, or is subject to restrictions on resale under federal securities laws applicable to directors, officers or 10% shareholders. Deferred stock issued pursuant to an award may also be subject to special rules. In addition, any award issued pursuant to the 2005 Plan, except ISOs and NSOs granted at fair market value, may be subject to the requirements of Section 409A of the Code and accordingly, subject to special rules.

#### Compliance with Section 409A of the Code.

To the extent applicable, it is intended that the 2005 Plan and any grants made thereunder comply with or are otherwise exempt from the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the participants. The 2005 Plan and any grants made under the 2005 Plan will be administered in a manner consistent with this intent. Any reference in the 2005 Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

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PROPOSAL 4  
RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors appointed EisnerAmper LLP, independent certified public accountants, as auditors of our financial statements for the year ending December 31, 2012, subject to the ratification of such appointment by stockholders at the Annual Meeting.

A representative of EisnerAmper LLP is expected to be available at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote “FOR” ratification of EisnerAmper LLP as our independent auditors for the year ending December 31, 2012.

The following table highlights the aggregate fees billed during each of the two years ended December 31, 2011 by EisnerAmper LLP (“EisnerAmper,” our principal accountants commencing August 16, 2010), and Amper, Politziner & Mattia, LLP (“Amper,” our principal accountants in 2010 through August 16, 2010).

	EisnerAmper 2011	EisnerAmper 2010	Amper 2010
Audit fees	\$ 105,347	\$ 14,280	\$ 82,625
Audit related fees	32,500	1,500	19,795
Tax fees	8,524	-	5,464
Total	\$ 146,371	\$ 15,780	\$ 107,884

Other Fees

Our principal accountants did not bill us for any services or products other than as reported above during each of the two years ended December 31, 2011.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy that requires advance approval of all audit services and permitted non-audit services to be provided by the independent auditor as required by the Exchange Act. The Audit Committee must approve the permitted service before the independent auditor is engaged to perform it. The Audit Committee approved all of the services described above in accordance with its pre-approval policies and procedures.

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## OTHER MATTERS

### Deadline for Stockholder Proposals

Under SEC Rule 14a-8, stockholder proposals for the Annual Meeting of Stockholders to be held in 2013 will not be included in the proxy statement for that meeting unless the proposal is proper for inclusion in the proxy statement and for consideration at the next Annual Meeting of Stockholders, and is received by our Secretary at our executive offices, no later than January 12, 2013. Stockholders must also follow the other procedures prescribed in SEC Rule 14a-8 under the Exchange Act, as well as our By-laws, which contain requirements that are separate and apart from the SEC requirements of Rule 14a-8. Our By-laws provide that stockholders desiring to bring business before the 2013 Annual Meeting, including nomination of a person for election to our Board of Directors, must provide written notice to our Secretary at our executive offices no earlier than 75 days, and no later than 45 days, before the one year anniversary of the mailing of this proxy statement. The written notice must include the information required by Section 2.4 of the By-laws: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominee as a director pursuant to Regulation 14A under the Exchange Act, and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on our books, and of such beneficial owner, (ii) the class and number of shares of the Company that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or such beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of our voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of our voting shares to elect such nominee or nominees.

### Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our proxy statement or annual report may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you notify our Secretary at our executive offices. If you wish to receive separate copies of the annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at our executive offices.

### Financial Statements and Exhibits to Form 10-K

Our financial statements are contained in our Annual Report on Form 10-K for our fiscal year ended December 31, 2011 that was filed with the Securities and Exchange Commission on March 27, 2012, a copy of which is made available with this proxy statement. Such report and the financial statements contained therein are not to be considered as a part of this soliciting material.

The Form 10-K made available with this proxy statement does not include copies of the exhibits to that filing. We will furnish any such exhibit upon payment of a reasonable fee by request sent to us, c/o Office of the Secretary, Soligenix, Inc., 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

### Other Matters

Management knows of no matters that are to be presented for action at the meeting other than those set forth above. If any other matters properly come before the meeting, the persons named in the form of proxy will vote the shares represented by proxies in accordance with their judgment on such matters.

The cost of this proxy solicitation will be borne by us. In addition to the solicitation of proxies by mail, our directors, officers and employees may also solicit proxies by telephone, facsimile, e-mail or other forms of communication, without special compensation for such activities. We may engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies. If we do, our costs for such services will be within the range of what is customary for companies with similar operations and a similar number of shareholders and are not expected to be material. We will also request banks, brokers, fiduciaries, custodians, nominees and certain other record holders to send proxies, proxy statements and other materials to their principals at our expense. We will reimburse such banks, brokers, fiduciaries, custodians, nominees and other record holders for their reasonable out-of-pocket expenses of solicitation.

By order of the Board of Directors,

/s/ Christopher J. Schaber  
Christopher J. Schaber, PhD  
Chairman and Chief Executive Officer

ANNEX A

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SOLIGENIX, INC.

(Pursuant to Sections 242 and 245 of the

General Corporation Law of the State of Delaware)

Soligenix, Inc. (the “Corporation”), a corporation organized and existing under the General Corporation Law of the State of Delaware (the “General Corporation Law”),

DOES HEREBY CERTIFY:

FIRST: That the name of this corporation is Soligenix, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on January 16, 1987 under the name Biological Therapeutics, Inc.

SECOND: That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of the Corporation, declaring said amendment and restatement to be advisable and in the best interests of the Corporation and its stockholders, and authorizing the appropriate officers of the Corporation to solicit the consent of the stockholders therefore, which resolution setting forth the proposed amendment and restatement is as follows:

“RESOLVED, that the Certificate of Incorporation of the Corporation be amended and restated in its entirety as follows:

ARTICLE I

The name of the corporation herein referred to as the “Corporation” is Soligenix, Inc.

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 160 Greentree Drive, Suite 101, Dover, Delaware 19904. The name of its registered agent at such address is National Registered Agents, Inc.

ARTICLE III

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law.



#### ARTICLE IV

The total number of shares of capital stock of all classes which the Corporation shall have authority to issue is Fifty Million Two Hundred Fifty Thousand (50,250,000) shares, of which Fifty Million (50,000,000) shares, of par value of \$0.001 per share, shall be of a class designated "Common Stock," Two Hundred Twenty Five Thousand (225,000) shares, of a par value of \$0.001 per share, shall be of a class designated "Preferred Stock," Ten Thousand (10,000) shares, of a par value of \$0.05 per share, shall be of a class designated "Series B Convertible Preferred Stock," Ten Thousand (10,000) shares, of a par value of \$0.05 per share, shall be of a class designated "Series C Convertible Preferred Stock," and Five Thousand (5,000) shares, of a par value of \$0.001 per share, shall be of a class designated "Series A Junior Participating Preferred Stock."

The designations, powers, preferences, privileges, and relative, participating, option, or other special rights and qualifications, limitations, or restrictions of the above classes of capital stock shall be as follows:

##### A. Common Stock.

1. General. All shares of Common Stock will be identical and will entitle the holders thereof to the same rights, powers and privileges. The rights, powers and privileges of the holders of the Common Stock are subject to and qualified by the rights of holders of the Preferred Stock.
2. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding Preferred Stock.
3. Dissolution, Liquidation or Winding Up. In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, each issued and outstanding share of Common Stock shall entitle the holder thereof to receive an equal portion of the net assets of the Corporation available for distribution to the holders of Common Stock, subject to any preferential rights of any then outstanding Preferred Stock.
4. Voting Rights. Except as otherwise required by law or this Second Amended and Restated Certificate of Incorporation, each holder of Common Stock shall have one vote in respect of each share of stock held of record by such holder on the books of the Corporation for the election of directors and on all matters submitted to a vote of stockholders of the Corporation. Except as otherwise required by law or provided herein, holders of Common Stock shall vote together with holders of Preferred Stock as a single class, subject to any special or preferential voting rights of any then outstanding Preferred Stock. There shall be no cumulative voting.
5. Redemption. The Common Stock is not redeemable.

B. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article IV, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

1. The number of shares constituting that series and the distinctive designation of that series;
2. The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;
3. Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
4. Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;
5. Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
6. Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
7. The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights or priority, if any, of payment of shares of that series; and
8. Any other relative rights, preferences and limitations of that series.

Dividends on outstanding shares of Preferred Stock shall be paid or declared and set apart for payment before any dividends shall be paid or declared and set apart for payment on the Common Stock with respect to the same dividend period.

If upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets available for distribution to holders of shares of Preferred Stock of all series shall be insufficient to pay such holders the full preferential amount to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

C. Series B Convertible Preferred Stock. The designations, powers, number, preferences and relative, participating, option or other special rights, and the qualifications, limitations or restrictions of the Series B Convertible Preferred Stock are set forth below:

1. Designation. 10,000 shares of the Preferred Stock shall be designated and known as the "Series B Convertible Preferred Stock." Such number of shares may be increased or decreased by resolution of the Board of Directors after obtaining the consent of a majority in interest of the then outstanding shares of Series B Convertible Preferred Stock; provided, however, that no decrease shall reduce the number of shares of Series B Convertible Preferred Stock to a number less than the number of shares then outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

2. Dividend Provisions.

(a) Subject to the prior and superior rights of any series of Preferred Stock which may from time to time come into existence, the holders of shares of Series B Convertible Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible solely into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock of the Corporation) on the Common Stock of the Corporation, at the rate of eight percent (8%) per annum. Such dividends shall be cumulative and accrue annually on the last day of December (except that if any such date is a Saturday, Sunday or legal holiday, then such dividend shall be payable on the next day that is not a Saturday, Sunday or legal holiday), in each year, commencing on December 31, 1998, for each full year and each portion of a year that the share entitled to such dividend is outstanding.

(b) Such dividends shall be payable in shares (but not fractional shares) of Series B Convertible Preferred Stock.

(c) In addition, when and if the Board of Directors shall declare a dividend or distribution payable with respect to the then outstanding shares of Common Stock of the Corporation (other than a dividend payable solely in shares of Common Stock), the holders of the Series B Convertible Preferred Stock shall be entitled to the amount of dividends per share as would be payable on the largest number of whole shares of Common Stock into which each share of Series B Convertible Preferred Stock could then be converted pursuant to Section 5 hereof (such number to be determined as of the record date for the determination of holders of Common Stock entitled to receive such dividend).

3. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary (collectively, a "Liquidation"), before any payment of cash or distribution of other property shall be made to the holders of the Common Stock (the "Common Stockholders") or any other class or series of stock subordinate in Liquidation Preference to the Series B Convertible Preferred Stock, the Series B Convertible Preferred Stockholders shall be entitled to receive out of the assets of the Corporation legally available for distribution to its stockholders, an amount equal to the sum of (i) the Original Purchase Price per share (as appropriately adjusted for any combinations or divisions or similar recapitalizations affecting the Series C Convertible Preferred Stock after issuance) (the "Series B Liquidation Preference"), out of funds legally available therefor, and (ii) an amount equal to any declared but unpaid dividends thereon. As used herein, the "Original Purchase Price" is \$100 per share.

(b) If, upon any Liquidation, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the Series C Convertible Preferred Stockholders the full amounts to which they shall be entitled, the Series C Convertible Preferred Stockholders shall share ratably in any distribution of assets in proportion to the respective amounts which would be payable to them in respect of the shares held by them if all amounts payable to them in respect of such were paid in full pursuant to Section 3(a).

(c) After the distributions described in subsection (a) above have been paid, subject to the rights of other series of Preferred Stock which may from time to time come into existence, the remaining assets of the Corporation available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

(d) For purposes of this Section 3, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, (A) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the Corporation), unless the Corporation's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition (by virtue of securities issued as consideration for the Corporation's acquisition) hold at least 50% of the voting power of the surviving or acquiring entity; or (B) a sale of all or substantially all of the assets of the Corporation.

(i) In any of such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value, which shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability covered by (B) below:

(1) If traded on a securities exchange or through Nasdaq (as defined below), the average of the closing prices of the securities on such exchange during the thirty (30) day period ending three (3) days prior to the closing;

(2) If actively traded over-the-counter, the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(3) If there is no active public market, the fair market value thereof, as mutually determined by the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of Series B Convertible Preferred Stock.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A) (1), (2) or (3) to reflect the approximate fair market value thereof, as mutually determined by the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of such Preferred Stock.

(ii) In the event the requirements of this subsection 3(d) are not complied with, the Corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 3 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series B Convertible Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 3(c)(iii) hereof.

(iii) The Corporation shall give each holder of record of Series B Convertible Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 3, and the Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after the Corporation has given the first notice provided for herein or sooner than ten (10) days after the Corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least a majority of the voting power of all then outstanding shares of such Preferred Stock.

#### 4. Redemption.

(a) At any time on or after the second anniversary of the date upon which any shares of Series B Convertible Preferred Stock were first issued (the "Purchase Date"), the Company may, at its option, redeem the Series B Convertible Preferred Stock on any date set by the Board of Directors (the "Redemption Date") by paying an amount in cash equal to the then applicable Liquidation Preference and accrued and unpaid dividends to the Redemption Date, The Corporation may exercise such option only if (i) the Common Stock shall be listed on The Nasdaq National Market System or The Nasdaq SmallCap Market (collectively, "Nasdaq"), (ii) the Common Stock shall have had an average weekly sales volume during each of the four full calendar weeks pTD align="right">

18,834

262,546

100,000

1,394,000

R. McHugh

10,000

0

25.2813

04/08/2008



5,000

0

57

4.5313

02/10/2009

4,000

0

7.1875

01/03/2010

20,000

0

11.3125

04/12/2010

20,000

0

12.985

04/11/2011

20,000

0

16.02

63

04/18/2012

20,000



0

10.245

04/16/2013

20,000

0

25.385

04/01/2014

13,333

6,667

67

28.155

03/23/2015

20,000

10,000

21.48

11/21/2015

0

20,000

70

23.42

03/28/2017

30,000



418,200

40,000

557,600



R. Mina

12,000

0

25.2813

04/08/2008

21,838(4

)

0

11.3125

04/12/2010

50,000(4

)

0

12.985

04/11/2011

50,000(4

)

0

80



16.02

04/18/2012

100,000(4

)

0

10.065

02/02/2013

80,000

0

25.385

04/01/2014

33,333

16,667

28.155

03/23/2015

16,666

33,334

23.92

03/22/2016

0

30,000

23.42

03/28/2017





40,000

557,600

50,000

697,000



40,000

557,600

R. Halls

10,000

0

93

16.02

04/18/2012

16,667

0

10.065

02/02/2013

20,000

0



25.385

04/01/2014

20,000

10,000

28.155

03/23/2015

10,000

20,000

23.92

03/22/2016

10,000

20,000

24.755

10/12/2016

0

30,000

23.42

102

03/28/2017

20,000

278,800





30,000

418,200

20,000

278,800

G. Bahler

25,000

0

25.2813

04/08/2008

20,002

0

109

11.3125

04/12/2010

47,500

0

12.985

04/11/2011

47,500

0



16.02

04/18/2012

33,000

0

10.245

04/16/2013

32,000

0

25.385

115

04/01/2014

16,666

8,334

28.155

03/23/2015

8,333

16,667

23.92



23.42

03/28/2017





40,000

557,600

**Notes to Table on Outstanding Equity Awards at Fiscal Year End**

- (1) The **Vesting Schedules** for the options shown in columns (b) and (c) are as follows:

<b>Name</b>	<b>Total Number of Securities Underlying Unexercised Options</b>	<b>Date of Grant</b>	<b>Vesting Date for 1/3 of Total Grant</b>	<b>Vesting Date for 1/3 of Total Grant</b>	<b>Vesting Date for 1/3 of Total Grant</b>
M. Serra	500,000	02/12/2001	02/12/2002	02/12/2003	02/12/2004
	200,000	04/18/2002	04/18/2003	04/18/2004	04/18/2005
	100,000	09/11/2003	09/11/2004	09/11/2005	09/11/2006
	100,000	02/18/2004	02/18/2005	02/18/2006	02/18/2007
	115,000	02/09/2005	02/09/2006	02/09/2007	02/01/2008
	100,000	03/22/2006	03/22/2007	03/22/2008	03/22/2009
	48,500	03/28/2007	03/28/2008	03/28/2009	01/30/2010
R. McHugh	10,000	04/08/1998	04/08/1999	04/08/2000	04/08/2001
	5,000	02/10/1999	02/10/2000	02/10/2001	02/10/2002
	4,000	01/03/2000	01/03/2001	01/03/2002	01/03/2003
	20,000	04/12/2000	04/12/2001	04/12/2002	04/12/2003
	20,000	04/11/2001	04/11/2002	04/11/2003	04/11/2004
	20,000	04/18/2002	04/18/2003	04/18/2004	04/18/2005
	20,000	04/16/2003	04/16/2004	04/16/2005	04/16/2006
	20,000	04/01/2004	04/01/2005	04/01/2006	04/01/2007
	20,000	03/23/2005	03/23/2006	03/23/2007	03/23/2008
	30,000	11/21/2005	11/21/2006	11/21/2007	11/21/2008
	20,000	03/28/2007	03/28/2008	03/28/2009	03/28/2010
R. Mina	12,000	04/08/1998	04/08/1999	04/08/2000	04/08/2001
	21,838	04/12/2000	04/12/2001	04/12/2002	04/12/2003
	50,000	04/11/2001	04/11/2002	04/11/2003	04/11/2004
	50,000	04/18/2002	04/18/2003	04/18/2004	04/18/2005
	100,000	02/02/2003	02/02/2004	02/02/2005	02/02/2006
	80,000	04/01/2004	04/01/2005	04/01/2006	04/01/2007

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	50,000	03/23/2005	03/23/2006	03/23/2007	03/23/2008
	50,000	03/22/2006	03/22/2007	03/22/2008	03/22/2009
	30,000	03/28/2007	03/28/2008	03/28/2009	03/28/2010
R. Halls	10,000	04/18/2002	04/18/2003	04/18/2004	04/18/2005
	16,667	02/02/2003	02/02/2004	02/02/2005	02/02/2006
	20,000	04/01/2004	04/01/2005	04/01/2006	04/01/2007
	30,000	03/23/2005	03/23/2006	03/23/2007	03/23/2008
	30,000	03/22/2006	03/22/2007	03/22/2008	03/22/2009
	30,000	10/12/2006	10/12/2007	10/12/2008	10/12/2009
	30,000	03/28/2007	03/28/2008	03/28/2009	03/28/2010
G. Bahler	25,000	04/08/1998	04/08/1999	04/08/2000	04/08/2001
	20,002	04/12/2000	04/12/2001	04/12/2002	04/12/2003
	47,500	04/11/2001	04/11/2002	04/11/2003	04/11/2004
	47,500	04/18/2002	04/18/2003	04/18/2004	04/18/2005
	33,000	04/16/2003	04/16/2004	04/16/2005	04/16/2006
	32,000	04/01/2004	04/01/2005	04/01/2006	04/01/2007
	25,000	03/23/2005	03/23/2006	03/23/2007	03/23/2008
	25,000	03/22/2006	03/22/2007	03/22/2008	03/22/2009
	20,000	03/28/2007	03/28/2008	03/28/2009	03/28/2010

(2) The vesting dates for the restricted stock awards shown in column (g) are as follows:

Name	Date of Grant	Number of Shares	Vesting Date
M. Serra	03/22/2006	18,833	03/15/2008
	03/22/2006	18,834	03/15/2009
	03/28/2007	100,000	01/30/2010
R. McHugh	11/21/2005	30,000	11/30/2008
	03/28/2007	40,000	03/15/2010
R. Mina	03/23/2005	40,000	03/15/2008
	03/22/2006	50,000	03/15/2009

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	03/28/2007	40,000	03/15/2010
R. Halls	03/22/2006	20,000	03/15/2009
	10/12/2006	30,000	10/12/2009
	03/28/2007	20,000	03/15/2010
G. Bahler	03/28/2007	40,000	03/15/2010

- (3) Value calculated by multiplying the number of unvested shares by the closing price of \$13.94 on February 1, 2008, which was the last business day of the 2007 fiscal year.
- (4) Executive has agreed to transfer the economic benefit of 50 percent of this stock option to his spouse under a matrimonial settlement agreement.

The following table, **Option Exercises and Stock Vested**, provides information on the stock options exercised by the named executives during 2007 and shares of restricted stock that vested during the year.

#### OPTION EXERCISES AND STOCK VESTED

(a) Name	Option Awards		Stock Awards	
	(b) Number of Shares Acquired on Exercise (#)	(c) Value Realized on Exercise (\$)	(d) Number of Shares Acquired on Vesting (#)	(e) Value Realized on Vesting (\$)
M. Serra			88,833	1,668,806
R. McHugh			30,000	661,800
R. Mina	12,000	24,289	75,000	1,654,500
R. Halls				
G. Bahler	25,000	7,434	30,000	661,800



**EMPLOYMENT AGREEMENTS**

We have employment agreements with each of the named executive officers, and we describe the material terms of each of these agreements below. Information on potential payments and benefits on termination of the agreements is described under the section Potential Payments upon Termination or Change in Control beginning on Page 39.

***Matthew D. Serra***

***Position.*** We have an agreement with Mr. Serra in his position as Chairman of the Board, President and Chief Executive Officer.

***Term.*** The term of this agreement began on October 1, 2006 and ends on January 30, 2010.

***Base Salary and Bonus.*** We pay Mr. Serra an annual base salary of not less than \$1.5 million during the term of the agreement. Mr. Serra's annual bonus at target is 125 percent of his base salary, and his bonus at target under



the long-term bonus plan for any three-year performance period is 90 percent of his base salary at the beginning of the performance period. If Mr. Serra remains employed by Foot Locker through the end of his contract term, he will be eligible for a pro-rata payout under the Long-Term Bonus Plan for the 2008-2010 and 2009-2011 performance periods, provided the performance goals are met.

***Benefit Plans and Perquisites.***

Mr. Serra is entitled to participate in all bonus, incentive, and equity plans offered to senior executives.

He is also eligible to participate in all pension, welfare, and fringe benefit plans and perquisites offered to senior executives. The benefits and perquisites available to Mr. Serra include:

- Company-paid life insurance in the amount of his annual base salary;
- Long-term disability insurance coverage of \$25,000 per month;
- Annual out-of-pocket medical expense reimbursement of up to \$20,000;
- Financial planning expenses of up to \$7,500 annually;
- Reimbursement of dues and membership fees of one private club of up to \$20,000 annually;
- Automobile expense allowance of up to \$40,000 annually and the services of a driver;

Although Mr. Serra is eligible for these perquisites under his agreement, he chose not to receive some of these benefits in 2007.

***Non-Compete Provision.*** Mr.

Serra's agreement provides that he may not compete with Foot Locker or solicit our employees for two years following the termination of his employment agreement.

***Certain Defined Terms in the***

***Agreement:***

**Cause** means Mr. Serra:

- willfully and continuously fails to perform his duties;
- willfully takes part in misconduct that significantly harms the Company;
- willfully breaches his employment agreement and does not correct the breach; or
- is convicted of a felony (other than a traffic violation).

**Change in Control** means any of the following:

- a person or group makes a tender offer to purchase at least 20 percent of the Company's outstanding stock;
- the Company merges with another company or sells all (or substantially all) of its assets. This event would exclude, for example, mergers (or similar transactions) in which no one becomes the beneficial owner of more than 20 percent of the stock outstanding;
- the acquisition of 20 percent or more of the outstanding stock. (The Board may, however, increase this threshold up to 40 percent);
- shareholder approval of a plan of liquidation, dissolution, or sale of substantially all of the assets of the Company;
- or

during any period of two consecutive years, the directors at the start of the period, plus any new director whose election or nomination for election was approved by at least two-thirds of the directors then remaining on the Board who either were directors at the beginning of the period or whose election or nomination was approved in this manner, do not comprise at least a majority of the Board.

**Disability** means:

Mr. Serra is incapacitated due to physical or mental illness and, as a result, has not performed his duties on a full-time basis for six months and does not return to perform his duties after the Company gives him notice.

**Good Reason** means, following a Change in Control,

a material demotion or reduction in Mr. Serra's authority or responsibility (except temporarily because of illness or other absence);

a decrease in his base salary rate;

a reduction in his annual bonus classification level;

failure to continue the benefit plans and programs that apply to him, or the reduction of his benefits, without providing substitute comparable plans, programs and benefits;

failure by a successor company to confirm in writing that it will assume the Company's obligations under the agreement; or

the Company breaches a material provision of the agreement and does not correct the breach.

*Richard Mina, Ronald J. Halls, Gary M. Bahler, Robert W. McHugh*

***Position/Term/Base***

***Salary.*** We have employment agreements with these executives in their current positions, as follows:

<b>Name</b>	<b>Position</b>	<b>Term of Agreement</b>	<b>2007 Base Salary Rate</b>
R. Mina	President and CEO, Foot Locker, Inc. U.S.A.	May 1, 2009	\$875,000
R. Halls	President and CEO, Foot Locker, Inc. International	May 1, 2009	\$650,000
G. Bahler	Senior VP, General Counsel and Secretary	December 31, 2008	\$525,000
R. McHugh	Senior VP and CFO	December 31, 2008	\$525,000

**Term.** The terms of the agreements will automatically be extended for another year unless notice of non-renewal is given prior to the expiration date.

**Base Salary.** We pay these executives annual base salaries at rates not less than their salaries at the start of their agreements. The executives base salaries for 2007 are shown in the table.

**Benefit Plans and Perquisites.** These executives are entitled to participate in all benefit plans and arrangements in effect at the start of the agreement, including retirement plans, annual and long-term bonus plans,

medical, dental, and disability plans, and any other plans subsequently offered to our senior executives.

***Spousal Travel.*** Mr.

Halls's agreement provides that his wife may accompany him on up to eight business trips each fiscal year at the Company's expense. We gross up Mr. Halls's salary for a percentage of this spousal travel expense.

***Non-Compete Provision.***

The executives' agreements provide that they may not compete with Foot Locker or solicit our employees for a period of time following the termination of their employment agreements. Richard Mina and Ronald

Halls have  
two-year  
non-compete  
agreements;  
Gary Bahler  
and Robert  
McHugh have  
one-year  
non-compete  
agreements.

*Certain  
Defined  
Terms in  
the  
Agreement:*

**Cause** means the executive s:

refusal or willful failure to substantially perform his duties;  
dishonesty, willful misconduct, or fraud with regard to the Company s business or assets;  
willful breach of his employment agreement and he does not correct the breach; or  
conviction of a felony (other than a traffic violation) or any crime involving moral turpitude.

**Change in Control** means any of the following:

a person or group makes a tender offer to purchase at least 20 percent of the Company s outstanding stock;  
the Company merges with another company or sells all (or substantially all) of its assets. This event excludes, for example, mergers (or similar transactions) in which no one becomes the beneficial owner of more than 20 percent of the stock outstanding;  
the acquisition of 20 percent or more of the outstanding stock. (The Board may, however, increase this threshold up to 40 percent);  
shareholder approval of a plan of liquidation, dissolution, or sale of substantially all of the assets of the Company;  
or  
during any period of two consecutive years, the directors at the start of the period, plus any new director whose election or nomination for election was approved by at least two-thirds of the directors then remaining on the Board who either were directors at the beginning of the period or whose election or nomination was approved in this manner, do not comprise at least a majority of the Board.

**Disability** means:

The executive is incapacitated due to physical or mental illness and, as a result, has not performed his duties on a full-time basis for six months, and does not return to perform his duties after the Company gives him notice.

**Good Reason** means:

*Prior to a Change in Control,*

a reduction in base salary, other than an across-the-board reduction in senior executive salaries over a three-year period and the reduction is less than 20% of the executive s salary from the beginning of the three-year period;  
material change in the executive s authority or responsibilities, except temporarily as a result of illness or other absence;

*Following a Change in Control,*

any reduction in base salary;



failure to continue the benefit plans and programs that apply to the executive, or the reduction of his benefits, without providing substitute comparable plans and benefits;

a material demotion or reduction in executive's authority or responsibility (except temporarily because of illness or other absence);

*At any time,*

a reduction in the executive's annual bonus classification level, other than in connection with a redesign that affects all other employees in the executive's bonus level;

failure by a successor to the Company to confirm in writing that it will assume the Company's obligations under the agreement.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The executives' employment agreements and certain of the plans and programs that executives participate in require the Company to pay compensation to the executives if their employment terminates in certain circumstances. The estimated amount of compensation that would be payable to the named executives following termination of their employment for various reasons is stated in the tables below. The information in the tables assumes a termination date of February 2, 2008.

**MATTHEW D. SERRA**

<b>Reason for Termination</b>	<b>Severance Payment</b>	<b>Accelerated Vesting of Restricted Stock and Options</b>	<b>SERP Benefit</b>	<b>Benefit under Excess Cash Balance Plan</b>	<b>Continuation of Health Benefits</b>	<b>Outplacement Services</b>	<b>Tax Gross-Up Payment</b>
<b>By Company Without Cause</b>	<b>Severance:</b> \$3,000,000	<b>Restricted Stock:</b> \$1,919,078	\$2,256,933	\$383,799	\$7,500	\$25,000	\$7,500
Or		<b>Stock Options:</b> No acceleration of vesting					
<b>By Executive if Company Breaches Employment Agreement</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	
<b>Executive Resigns Before End of Term</b>			\$2,256,933	\$383,799	\$7,500		\$2,648,231
			<b>(3)</b>	<b>(4)</b>	<b>(5)</b>		
<b>Termination following Change in Control</b>	<b>Severance:</b> \$5,062,500	<b>Restricted Stock:</b> \$1,919,078	\$2,256,933	\$383,799	\$7,500	\$25,000	\$9,654,207
		<b>Stock Options:</b> Accelerated vesting of 115,167					

		shares: \$0 value						
(7)	(8)	(2)(9)	(3)	(4)	(5)	(6)	(10)	
<b>Disability</b>		<b>Restricted Stock:</b> \$1,919,078 <b>Stock Options:</b> Accelerated vesting of 49,499 shares: \$0 value	\$2,256,933	\$383,799	\$7,500			\$4,5
		(11)(9)	(12)	(4)	(5)			
<b>Death</b>		<b>Restricted Stock:</b> \$1,919,078 <b>Stock Options:</b> Accelerated vesting of 49,499 shares: \$0 value	\$2,256,933	\$383,799				\$4,5
		(11)(9)	(12)	(4)				
<b>Cause</b>				\$383,799				\$3
				(4)				

**Notes to Table on Matthew D. Serra**

- (1) The severance amount equals the total remaining monthly salary payments through the end of the employment contract term on January 30, 2010.

Payment of the first six months of salary continuation would be made six months following termination, and the remaining payments would then be made on a monthly basis. Since the performance goals for the 2007 fiscal year were not met, no bonus would be payable.

- (2) This amount is the value of 137,667 shares of restricted stock that would vest on termination. The shares were valued at \$13.94.
  
- (3) This amount is the total benefit payable under the Supplemental Executive Retirement Plan ( SERP ). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made six months following the executive s termination date, with the remaining payments made quarterly during the remainder of the three-year period.
  
- (4) Benefit payable as of February 2, 2008 in a lump sum under the Foot Locker Excess Cash Balance Plan. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the

executive officers.

- (5) Mr. Serra would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior executives are entitled under Foot Locker's medical and dental plans for active employees. Mr. Serra would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The continuation of benefits would terminate if Mr. Serra engages in competition during the one-year period following termination or becomes a participant in a new employer's health plan. The amount shown in the table represents the estimated annual cost of the Company's portion of the premiums for an individual policy covering the executive.

- (6) This amount reflects the approximate cost of one year of outplacement services.
- (7) This covers (i) termination by the Executive within the 30-day period occurring three months after a Change in Control and (ii) by the Company without Cause or by Executive for Good Reason during the two-year period following a Change in Control.
- (8) This amount equals 1.5 times Executive's annual base salary plus annual bonus at target, which is the minimum amount payable to him for termination following a Change-in-Control.
- (9) The fair market value of a share of the Company's stock on February 2, 2008 was less than the exercise price of each of the unvested options that would be accelerated, so the intrinsic value of the option on that date was \$0.

(10)

If Mr. Serra receives payments or benefits following a Change in Control that are subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, we would pay him a gross-up payment to put him in the same after-tax position he would have been in had no excise tax been imposed. Based on current estimates, no excise tax would be payable by executive; therefore, there would be no tax gross-up payment.

- (11) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive s restricted stock. The number shown in the table assumes approval of the accelerated vesting of 137,667 shares of restricted stock, valued at \$13.94.
- (12) SERP benefit payable in a lump sum following the determination of disability or the date of death.



## RICHARD MINA

Reason for Termination	Severance Payment	Accelerated Vesting of Restricted Stock and Options	SERP Benefit	Benefit under Excess Cash Balance Plan	Continuation of Health Benefits	Outplacement Services	Tax Gross-Up Payment	Total
By Company Without Cause	<b>Severance:</b> \$1,649,042	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> No acceleration of vesting	\$914,620	\$427,030	\$15,000			\$3,000,000
	(1)		(2)	(3)	(4)			
By Executive for Good Reason	<b>Severance:</b> \$1,649,042	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> Accelerated vesting of 43,334 shares: \$0 value	\$914,620	\$427,030	\$15,000			\$3,000,000
	(1)	(5)	(2)	(3)	(4)			
Executive Resigns Before End of Term			\$914,620	\$427,030	\$15,000			\$1,350,000
			(2)	(3)	(4)			
Termination following Change in Control	<b>Severance:</b> \$3,062,500	<b>Restricted Stock:</b> \$1,812,200	\$914,620	\$427,030	\$15,000			\$6,230,000

	(6)	(7)(5)	(2)	(3)	(4)	(8)	
		<b>Stock Options:</b> Accelerated vesting of 80,001 shares: \$0 value					
Disability		<b>Restricted Stock:</b> \$1,812,200	\$914,620	\$427,030	\$15,000	\$3,16	
		<b>Stock Options:</b> Accelerated vesting of 43,334 shares: \$0 value					
Death		<b>Restricted Stock:</b> \$1,812,200	\$914,620	\$427,030		\$3,15	
		<b>Stock Options:</b> Accelerated vesting of 43,334 shares: \$0 value					
Cause				\$427,030		\$427	

**Notes to Table on Richard Mina**

- (1) The severance amount equals two weeks salary plus portion of annual bonus at target multiplied by executive's 28 years of

service.

- (2) This amount is the total benefit payable under the Supplemental Executive Retirement Plan ( SERP ). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made six months following the executive s termination date, with the remaining payments made quarterly during the remainder of the three-year period.

- (3) Benefit payable as of February 2, 2008 in a lump sum under the Foot Locker Excess Cash Balance Plan. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.
- (4) Mr. Mina would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior

executives are entitled under Foot Locker's medical and dental plans for active employees. Mr. Mina would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The continuation of benefits would terminate if Mr. Mina engages in competition during the one-year period following termination or becomes a participant in a new employer's health plan. The amount shown in the table represents the estimated annual cost of the Company's portion of the premiums for an individual policy covering the executive and his covered

dependent.

- (5) The fair market value of a share of the Company's stock on February 2, 2008 was less than the exercise price of each of the unvested options that would be accelerated, so the intrinsic value of the option on that date was \$0.
- (6) The severance amount equals 104 weeks salary plus two times annual bonus at target.
- (7) This amount represents the value of 130,000 shares of restricted stock that would vest on termination. The shares were valued at \$13.94.
- (8) If the payments or benefits received by the executive following a Change in Control are subject to the excise tax

under Section 4999 of the Internal Revenue Code, then the Company would automatically reduce Mr. Mina's payments and benefits to an amount equal to \$1 less than the amount that would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him compared to the unreduced amount on a net after-tax basis.

- (9) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive's restricted stock. The number shown in the table assumes approval of the accelerated vesting of 130,000 shares

of restricted  
stock, valued  
at \$13.94.

- (10) SERP benefit payable in a lump sum following the determination of disability or the date of death.



## RONALD J. HALLS

Reason for Termination	Severance Payment	Accelerated Vesting of Restricted Stock and Options	SERP Benefit	Benefit under Excess Cash Balance Plan	Continuation of Health Benefits	Outplacement Services	Tax Gross-Up Payment	Total
By Company Without Cause	<b>Severance:</b> \$650,000	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> No acceleration of vesting		\$70,959	\$7,800			\$728,759
	(1)			(2)	(3)			
By Executive for Good Reason	<b>Severance:</b> \$650,000	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> Accelerated vesting of 40,000 shares: \$0 value		\$70,959	\$7,800			\$728,759
	(1)	(4)		(2)	(3)			
Executive Resigns Before End of Term				\$70,959				\$70,959
				(2)				
Termination following Change in Control	<b>Severance:</b> \$2,275,000	<b>Restricted Stock:</b> \$975,800		\$70,959	\$7,800			\$3,329,759

	<b>Stock Options:</b> Accelerated vesting of 80,000 shares: \$0 value				
	(5)	(6)(4)	(2)	(3)	(7)
Disability	<b>Restricted Stock:</b> \$975,800	\$244,000	\$70,959		\$1,290,000
	<b>Stock Options:</b> Accelerated vesting of 40,000 shares: \$0 value	(8)(4)	(9)	(2)	
Death	<b>Restricted Stock:</b> \$975,800	\$244,000	\$70,959		\$1,290,000
	<b>Stock Options:</b> Accelerated vesting of 40,000 shares: \$0 value	(8)(4)	(9)	(2)	
Cause			\$70,959	(2)	\$70,959

Notes to Table on Ronald J. Halls

- (1) The severance amount equals 52 weeks salary.
- (2) Benefit payable as of February 2,

2008 in a lump sum under the Foot Locker Excess Cash Balance Plan. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.

- (3) This amount reflects the estimated cost to the Company of payments to Mr. Halls to reimburse him for the difference between the cost of the COBRA continuation coverage premium and the amount he would have paid for medical and dental coverage as an active associate for 18 months following his termination.
- (4) The fair market value of a share of the Company's stock on February 2, 2008 was less than the exercise price of each of the unvested options that would be accelerated, so the intrinsic value of the option on that date was \$0.
- (5) The severance amount equals 104 weeks

salary plus two times annual bonus at target.

- (6) This amount represents the value of 70,000 shares of restricted stock that would vest on termination. The shares were valued at \$13.94.
- (7) If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue Code, then the Company would automatically reduce Mr. Halls payments and benefits to an amount equal to \$1 less than the amount that would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him

compared to the unreduced amount on a net after-tax basis.

- (8) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive s restricted stock. The number shown in the table assumes approval of the accelerated vesting of 70,000 shares of restricted stock, valued at \$13.94.
- (9) SERP benefit payable in a lump sum following determination of disability or the date of death.

**GARY M. BAHLER**

<b>Reason for Termination</b>	<b>Severance Payment</b>	<b>Accelerated Vesting of Restricted Stock and Options</b>	<b>SERP Benefit</b>	<b>Benefit under Excess Cash Balance Plan</b>	<b>Continuation of Health Benefits</b>	<b>Outplacement Services</b>	<b>Tax Gross-Up Payment</b>	<b>Total</b>
By Company Without Cause	<b>Severance:</b> \$954,072	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> No acceleration of vesting	\$587,555	\$250,203	\$15,000			\$1,800,000
	(1)		(2)	(3)	(4)			
By Executive for Good Reason	<b>Severance:</b> \$954,072	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> Accelerated vesting of 23,334 shares: \$0 value	\$587,555	\$250,203	\$15,000			\$1,800,000
	(1)	(5)	(2)	(3)	(4)			
Executive Resigns Before End of Term			\$587,555	\$250,203	\$15,000			\$852,000
			(2)	(3)	(4)			
Termination following Change in Control	<b>Severance:</b> \$1,837,500	<b>Restricted Stock:</b> \$557,600	\$587,555	\$250,203	\$15,000			\$3,247,800

	(6)	(7)(5)	(2)	(3)	(4)	(8)	
		<b>Stock Options:</b> Accelerated vesting of 45,001 shares: \$0 value					
Disability		<b>Restricted Stock:</b> \$557,600	\$587,555	\$250,203	\$15,000	\$1,410,000	
		<b>Stock Options:</b> Accelerated vesting of 23,334 shares: \$0 value					
Death		<b>Restricted Stock:</b> \$557,600	\$587,555	\$250,203		\$1,390,000	
		<b>Stock Options:</b> Accelerated vesting of 23,334 shares: \$0 value					
Cause				\$250,203		\$250,000	

**Notes to Table on Gary M. Bahler**

(1) The severance amount equals two weeks salary plus portion of annual bonus at target multiplied by executive's 27 years of



service.

- (2) This amount is the total benefit payable under the Supplemental Executive Retirement Plan ( SERP ). The payments would be made quarterly over a three-year period. The first two quarterly payments would be made six months following the executive s termination date, with the remaining payments made quarterly during the remainder of the three-year period.

- (3) Benefit payable as of February 2, 2008 in a lump sum under the Foot Locker Excess Cash Balance Plan. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.
- (4) Mr. Bahler would be entitled under the SERP to the continuation of medical and dental insurance benefits following termination. The benefits would be substantially the same as those benefits to which senior

executives are entitled under Foot Locker's medical and dental plans for active employees. Mr. Bahler would be required to pay the insurance premium applicable to actively employed senior executives, including any subsequent increases in the premiums. The amount shown in the table represents the estimated annual cost of the Company's portion of the premiums for an individual policy covering the executive and his covered dependent.

- (5) The fair market value of a share of the Company's stock on February 2, 2008 was less than the exercise price of each of the unvested options that would be accelerated, so

the intrinsic value of the option on that date was \$0.

- (6) The severance amount equals 104 weeks salary plus two times annual bonus at target.
- (7) This amount represents the value of 40,000 shares of restricted stock that would vest on termination. The shares were valued at \$13.94.
- (8) If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue, then the Company would automatically reduce Mr. Bahler's payments and benefits to an amount equal to \$1 less than the amount that would subject him to

the excise tax,  
as long as the  
reduced  
amount would  
result in a  
greater benefit  
to him  
compared to  
the unreduced  
amount on a  
net after-tax  
basis.

- (9) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive s restricted stock. The number shown in the table assumes approval of the accelerated vesting of 40,000 shares of restricted stock, valued at \$13.94.
- (10) SERP benefit payable in a lump sum following the determination of disability or the date of death.

**ROBERT W. MCHUGH**

<b>Reason for Termination</b>	<b>Severance Payment</b>	<b>Accelerated Vesting of Restricted Stock and Options</b>	<b>SERP Benefit</b>	<b>Benefit under Excess Cash Balance Plan</b>	<b>Continuation of Health Benefits</b>	<b>Outplacement Services</b>	<b>Tax Gross-Up Payment</b>	<b>Total</b>
By Company Without Cause	<b>Severance:</b> \$525,000	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> No acceleration of vesting		\$59,997	\$7,800			\$592,797
	(1)			(2)	(3)			
By Executive for Good Reason	<b>Severance:</b> \$525,000	<b>Restricted Stock:</b> No acceleration of vesting <b>Stock Options:</b> Accelerated vesting of 23,333 shares: \$0 value		\$59,997	\$7,800			\$592,797
	(1)	(4)		(2)	(3)			
Executive Resigns Before End of Term				\$59,997				\$59,997
				(2)				
Termination following Change in Control	<b>Severance:</b> \$1,837,500	<b>Restricted Stock:</b> \$975,800		\$59,997	\$7,800			\$2,881,104

	<b>(5)</b>	<b>(6)(4)</b>	<b>(2)</b>	<b>(3)</b>	<b>(7)</b>
		<b>Stock Options:</b> Accelerated vesting of 36,667 shares: \$0 value			
Disability		<b>Restricted Stock:</b> \$975,800	\$50,341	\$59,997	\$1,086,1
		<b>Stock Options:</b> Accelerated vesting of 23,333 shares: \$0 value			
Death		<b>(8)(4)</b>	<b>(9)</b>	<b>(2)</b>	
		<b>Restricted Stock:</b> \$975,800			
		<b>Stock Options:</b> Accelerated vesting of 23,333 shares: \$0 value			
		<b>(8)(4)</b>	<b>(9)</b>	<b>(2)</b>	
Cause			\$59,997		\$59,99
			<b>(2)</b>		

**Notes to Table on Robert W. McHugh**

- (1) The severance amount equals 52 weeks salary.
- (2) Benefit payable as of February 2,

2008 in a lump sum under the Foot Locker Excess Cash Balance Plan. No information is provided with respect to the benefit under the Foot Locker Retirement Plan because that plan is available generally to all salaried employees and does not discriminate in terms of scope, terms, or operation in favor of the executive officers.



- (3) The amount in the table reflects the estimated cost to the Company of payments to Mr. McHugh to reimburse him for the difference between the cost of the COBRA continuation coverage premium and the amount he would have paid for medical and dental coverage as an active associate for 18 months following his termination.
- (4) The fair market value of a share of the Company's stock on February 2, 2008 was less than the exercise price of each of the unvested options that would be accelerated, so the intrinsic value of the option on that date was \$0.
- (5) The severance amount equals

104 weeks  
salary plus two  
times annual  
bonus at  
target.

- (6) This amount represents the value of 70,000 shares of restricted stock that would vest on termination. The shares were valued at \$13.94.
- (7) If the payments or benefits received by the executive following a Change in Control are subject to the excise tax under Section 4999 of the Internal Revenue, then the Company would automatically reduce Mr. McHugh's payments and benefits to an amount equal to \$1 less than the amount that would subject him to the excise tax, as long as the reduced amount would result in a greater benefit to him

compared to the unreduced amount on a net after-tax basis.

- (8) The Compensation and Management Resources Committee may, but is not obligated to, accelerate the vesting of some or all of executive s restricted stock. The number shown in the table assumes approval of the accelerated vesting of 70,000 shares of restricted stock, valued at \$13.94.
- (9) SERP benefit payable in a lump sum following determination of disability or the date of death.

**RETIREMENT PLANS****Foot Locker Retirement Plan**

The Foot Locker Retirement Plan (the Retirement Plan) is a defined benefit plan with a cash balance formula, which covers eligible employees of the Company and substantially all of our United States subsidiaries. All qualified employees who are at least 21 years old with one year of service are covered by the Retirement Plan. Plan participants become fully vested in their benefits under this plan generally upon completion of five years of service or upon reaching normal retirement age (age 65) while actively employed.

Under the cash balance formula, each participant has an account, for record keeping purposes only, to which credits are allocated annually based upon a percentage of the participant's W-2 Compensation, as defined in the Retirement Plan. This percentage is determined by the participant's years of service with the Company as of the beginning of each calendar year. The following table shows the percentage used to determine credits at the years of service indicated.

<b>Years of Service</b>	<b>Percent of All W-2 Compensation</b>	<b>+</b>	<b>Percent of W-2 Compensation Over \$22,000</b>
Less than 6	1.10		0.55
6 - 10	1.50		0.75
11 - 15	2.00		1.00
16 - 20	2.70		1.35
21 - 25	3.70		1.85
26 - 30	4.90		2.45
31 - 35	6.60		3.30
More than 35	8.90		4.45

In addition, all balances in the participants' accounts earn interest at the fixed rate of 6 percent, which is credited annually. At retirement or other termination of employment, an amount equal to the vested balance then credited to the account under the Retirement Plan is payable to the participant in the form of a qualified joint and survivor annuity (if the participant is married) or a life annuity (if the participant is not married). The participant may elect to waive the annuity form of benefit and receive benefits under the plan upon retirement in an optional annuity form or an immediate or deferred lump sum, or, upon other termination of employment, in a lump sum. Additional optional forms of payment are available to participants who were participating in the Retirement Plan as of December 31, 1995.

**Foot Locker Excess Cash Balance Plan**

The Internal Revenue Code limits annual retirement benefits that may be paid to, and the compensation that may be taken into account in calculating benefits for, any person under a qualified retirement plan such as the Foot Locker Retirement Plan. Accordingly, for any person covered by the Retirement Plan whose annual retirement benefit, calculated in accordance with the terms of the Retirement Plan, exceeds the limitations of the Internal Revenue Code, the Company has adopted the Foot Locker Excess Cash Balance Plan (the Excess Plan). The Excess Plan is an unfunded, nonqualified benefit plan, under which the individual is paid the difference between the Internal Revenue Code limitations and the retirement benefit to which he or she would otherwise be entitled under the Retirement Plan.

**Early Retirement Eligibility**

The Foot Locker Retirement Plan provides for a reduced benefit payment to a participant who retires after reaching

early retirement age but prior to normal retirement age. Early retirement age is defined under the Retirement Plan and Excess Plan as age 55 with at least 5 years of vesting service. Mr. Serra and Mr. Bahler are the only named executive officers currently eligible for early retirement under these plans.

### **Foot Locker Supplemental Executive Retirement Plan**

In addition, the Foot Locker Supplemental Executive Retirement Plan (the SERP ), which is an unfunded, nonqualified benefit plan, provides for payment by the Company of supplemental retirement, death and disability benefits to certain executive officers and certain other key employees of the Company and its subsidiaries who participate in this plan. The named executive officers and four other executive officers of the Company currently participate in the SERP. The Compensation and Management Resources Committee sets an annual targeted incentive award under the SERP for each participant consisting of a percentage of salary and bonus based on the Company's performance against target. Achievement of the target causes an 8 percent credit to a participant's account for that year. The applicable percentage for the year increases or decreases proportionately to the percentage of the Company's performance in relation to the target, but may not be less than 4 percent or more than 12 percent in any year. Participants' accounts accrue simple interest at the rate of 6 percent annually.

A participant is eligible to receive a benefit under the SERP only if his or her age plus years of service at retirement equals at least 65. Currently, Messrs. Serra, Mina, and Bahler have age plus years of service totaling at least 65. If a participant's employment terminates due to death or disability he (or his estate) would be entitled to payment of his SERP balance. A participant's SERP benefit is paid in 12 quarterly installments following retirement, with the first two quarters payable six months following retirement. Upon death or disability, a participant's SERP benefit is paid in a lump sum.

The SERP provides for the continuation of medical and dental insurance benefits if an executive's age plus years of service total at least 65 when his employment terminates. The benefits would be substantially the same as those benefits to which senior executives are entitled under Foot Locker's medical and dental plans for active employees. The terminated executive would be required to pay the insurance premium applicable to actively employed senior executives, including any increases in the premiums, and the Company would pay the difference between the actual premium rate and the active employee rate.

### **Payment of Retirement Benefits**

The table below provides the present value of the accumulated benefit payable to each of the named executives and the years of service credited to each of them under the Foot Locker Retirement Plan, the Excess Plan, and the SERP determined using interest rate and mortality rate assumptions consistent with those used in our 2007 financial statements.

**PENSION BENEFITS**

(a)	(b)	(c)	(d)	(e)
Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)(1)	Payments During Last Fiscal Year (\$)
M. Serra	Retirement Plan	8	34,680	0
	Excess Plan	8	381,431	
	SERP	10	2,073,543	
			2,489,654	
R. McHugh	Retirement Plan	9	39,239	0
	Excess Plan	9	58,846	
	SERP	3	46,139	
			144,224	
R. Mina	Retirement Plan	26	150,588	0
	Excess Plan	26	419,366	
	SERP	9	840,302	
			1,410,256	
R. Halls	Retirement Plan	6	26,451	0
	Excess Plan	6	69,930	
	SERP	5	223,925	
			320,306	
G. Bahler	Retirement Plan	26	203,054	0
	Excess Plan	26	246,921	
	SERP	10	539,812	
			989,787	

***Notes to Pension Benefits Table***

(1)

In general, the present value of accumulated benefits was determined using the same measurement date (February 2, 2008) and assumptions used for financial reporting purposes. Expected retirement age for the Retirement Plan and the Excess Plan is equal to normal retirement age as defined by the plans. For the SERP, the age at which Participants become eligible for retirement under the plan is used as the expected retirement age. The following are the key assumptions that were used in calculating the values in the table:



FAS 87  
Discount rate  
of 6.1  
percent.

Retirement  
age is  
assumed to  
be 65 for the  
Retirement  
Plan and the  
Excess Plan;  
for the SERP  
the  
retirement  
age is  
assumed to  
be when age  
plus years of  
service equal  
65.

417(e)  
interest rate  
of 6 percent.

Form of  
payment for  
the  
Retirement  
Plan and the  
Excess Plan  
is a lump  
sum; the  
form of  
payment for  
the SERP is  
12 quarterly  
installments.

The years of service for the SERP reflect the number of years that the executive has been approved by the Compensation Committee as a participant in that plan. Mr. Serra's years of service under the Retirement Plan and the Excess Plan are less than the number of years of credited service under the SERP because of the requirement that an employee must complete a year of eligibility service before becoming eligible for participation in these plans.

**Trust Agreement for Certain Benefit Plans**

The Company has established a trust for certain benefit plans, arrangements, and agreements, including the Supplemental Executive Retirement Plan, the Foot Locker Excess Cash Balance Plan, the executive employment agreements, and other benefit plans, agreements or arrangements that may be covered at a later date (collectively, the Benefit Obligations ). Under the trust agreement, if there is a Change in Control of the Company (as defined in the Trust agreement), the trustee would pay to the persons entitled to the Benefit Obligations the amounts to which they may become entitled under the Benefit Obligations. Upon the occurrence of a Potential Change in Control of the Company as defined in the trust agreement, the Company is required to fund the trust with an amount sufficient to pay the total amount of the Benefit Obligations. Following the occurrence, and during the pendency, of a Potential Change in Control, the trustee would be required to make payments of Benefit Obligations to the extent these payments are not made by the Company.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of February 2, 2008 for compensation plans under which equity securities may be issued.

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>(c) Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))</b>
Equity Compensation Plans Approved by Security Holders	5,977,311	\$ 19.5738	8,362,542 (1)(2)
Equity Compensation Plans Not Approved by Security Holders	0	0	0
<b>Total</b>	<b>5,977,311</b>	<b>\$ 19.5738</b>	<b>8,362,642</b>

**Notes to Equity Compensation Plan Table**

- (1) Includes 2,559,075 shares available for future issuance under the 2003 Employees Stock Purchase Plan

(the 2003 Purchase Plan ) other than upon the exercise of an option, warrant or right.

Participating employees under the 2003 Purchase Plan may contribute up to 10 percent of their annual compensation to acquire shares of the Company s Common Stock at 85 percent of the lower market price on one of two specified dates in each plan year.

- (2) The 2007 Stock Incentive Plan (the 2007 Plan ) currently is the only plan under which stock awards may be granted to directors, officers and other employees of Foot Locker. The 2007 Plan limits the number of shares that may be awarded to participants in

the form of restricted stock or Other Stock-Based Awards to 1.5 million shares out of the total number of shares authorized. As of the end of the 2007 fiscal year, a total of 1,445,000 shares remained available for issuance as restricted stock and Other Stock-Based Awards, and these shares are included in the total number of shares disclosed in column (c).

Payouts under the Long-Term Incentive Compensation Plan may be made in cash or shares of Common Stock. If shares are used, they would be issued as Other Stock-Based Awards under the 2007 Stock Incentive Plan.

**ITEMS TO BE VOTED ON BY SHAREHOLDERS**  
**PROPOSAL 1:**  
**ELECTION OF DIRECTORS**

Our Certificate of Incorporation provides that the Board of Directors be divided into three classes serving staggered three-year terms. The terms of the three directors constituting Class II expire at the 2008 annual meeting. Christopher A. Sinclair, who is a director in Class II, advised the Company that he would not be standing for election at this meeting, so that his tenure as a director will end at the 2008 annual meeting.

Nicholas DiPaolo and Matthew M. McKenna will be considered for election as directors in Class II, to serve for three-year terms expiring at the annual meeting in 2011. Both of the nominees have been nominated by the Board of Directors for election and have consented to serve. Mr. DiPaolo was elected to his present term at the 2005 annual meeting, and Mr. McKenna was elected to his present term at the 2006 annual meeting. The seven remaining directors will continue in office until the expiration of their terms at the 2009 or 2010 annual meeting. If, prior to the annual meeting, any nominee is not able to serve, then the persons designated as proxies for this meeting (Gary M. Bahler, Robert W. McHugh and Matthew D. Serra) will have full discretion to vote for another person to serve as a director in place of that nominee.

Under the retirement policy for directors, which is described on Page 9, Mr. Preston would be required to retire from the Board following the 2008 Annual Meeting because he will have reached age 75. Last year, the Nominating and Corporate Governance Committee asked that Mr. Preston stand for election at the 2007 Annual Meeting, and he was elected to a three-year term ending in 2010. Mr. Preston currently serves as the lead director. This year, on the recommendation of the Nominating and Corporate Governance Committee, the Board has waived the retirement policy for Mr. Preston so that he may continue to serve on the Board and as lead director. The Board will review this waiver for Mr. Preston prior to the 2009 annual meeting of shareholders. Mr. Preston did not participate in the deliberations or decisions of either the Board or the committee on this matter.

Biographical information follows for the two nominees and for each of the seven other directors of the Company whose terms will continue after the 2008 annual meeting. The ages shown are as of April 11, 2008. There are no family relationships among the directors or executive officers of the Company.

**The Board of Directors recommends that shareholders vote FOR the election of the two identified nominees to the Board of Directors.**

**Nominees for Director**  
**Terms Expiring in 2011**

**Nicholas DiPaolo.** Age 66. Director since 2002. Vice Chairman of Bernard Chaus, Inc. (apparel designer and manufacturer) from November 1, 2000 to June 23, 2005; Chief Operating Officer of Bernard Chaus from November 1, 2000 to October 18, 2004. Mr. DiPaolo is a director of JPS Industries and R.G. Barry Corporation.

**Matthew M. McKenna.** Age 57. Director since 2006. President and Chief Executive Officer of Keep America Beautiful, Inc. (non-profit community improvement and educational organization) since January 1, 2008. He was Senior Vice President of Finance of PepsiCo, Inc. (global snack and beverage company) from August 6, 2001 through December 31, 2007. He is a director of PepsiAmericas, Inc. Mr. McKenna is also a member of the Duke University Library Advisory Board and serves on the board of the Manhattan Theater Club. He is also an adjunct professor at Fordham Business School and Fordham Law School in New York.



**Directors Continuing in Office  
Terms Expiring in 2009**

**Alan D. Feldman.** Age 56. Director since 2005. Chairman, President and Chief Executive Officer of Midas, Inc. (automotive repair and maintenance services) since May 1, 2006. He was President and Chief Executive Officer of Midas from January 13, 2003 to April 30, 2006. He was an independent consultant from March 2002 to January 2003. He is a director of Midas, Inc.

**Jarobin Gilbert Jr.** Age 62. Director since 1981. President and Chief Executive Officer of DBSS Group, Inc. (management, planning and trade consulting services) since 1992. He is a director of PepsiAmericas, Inc. and Midas, Inc. He is Chairman of the Board of Trustees of Atlantic Mutual Insurance Company. Mr. Gilbert is also a director of Harlem Partnership, Inc. and a permanent member of the Council on Foreign Relations.

**David Y. Schwartz.** Age 67. Director since 2000. Independent business adviser and consultant, principally in the retail, distribution and service industries, since July 1997. He was a partner with Arthur Andersen LLP from 1972 until he retired from that public accounting firm in 1997. Mr. Schwartz is a director of Walgreen Co., Stage Stores, Inc., and True Value Company.

**Cheryl Nido Turpin.** Age 60. Director since 2001. President and Chief Executive Officer of the Limited Stores (retail merchants), a division of Limited Brands, Inc., from June 1994 to August 1997. Ms. Turpin is a director of The Warnaco Group, Inc.

**Directors Continuing in Office  
Terms Expiring in 2010**

**James E. Preston.** Age 74. Director since 1983. Chairman of the Board of Avon Products, Inc. (manufacture and sale of beauty and related products) from 1989 to May 6, 1999, and Chairman and Chief Executive Officer of Avon Products, Inc. from 1989 to June 1998.

**Matthew D. Serra.** Age 63. Director since 2000. The Company's Chairman of the Board since February 1, 2004, President since April 12, 2000, and Chief Executive Officer since March 4, 2001. He was the Company's Chief Operating Officer from February 9, 2000 to March 3, 2001.

**Dona D. Young.** Age 54. Director since 2001. Chairman of the Board, President and Chief Executive Officer of The Phoenix Companies, Inc. (provider of wealth management products and services to individuals and institutions). Mrs. Young has held the positions of Chairman of the Board since April 1, 2003, President since February 2000, and Chief Executive Officer since January 1, 2003. She served as Chief Operating Officer from February 2001 to December 31, 2002. Mrs. Young is also Chairman of the Board since April 1, 2003 and Chief Executive Officer since January 1, 2003 of Phoenix Life Insurance Company. She previously served as President of Phoenix Life Insurance Company from February 2000 to March 31, 2003 and Chief Operating Officer from February 2001 to December 31, 2002. Mrs. Young joined Phoenix Home Life Mutual Insurance Company in 1980. She is a director of The Phoenix Companies, Inc. and Wachovia Corporation.

**PROPOSAL 2:  
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT ACCOUNTANTS**

The Audit Committee of the Board of Directors has appointed KPMG LLP as our independent registered public accountants for the 2008 fiscal year. We are asking shareholders at this meeting to ratify this appointment of KPMG LLP for 2008.

Representatives of KPMG are expected to be present at the annual meeting and will have an opportunity to make a statement and respond to appropriate questions.

**The Board of Directors recommends that shareholders vote FOR Proposal 2.**

**Audit and Non-Audit Fees**

The following table shows the fees we paid to KPMG for the audit of Foot Locker's annual financial statements for 2007 and 2006, as well as the fees billed for other services KPMG provided during these two fiscal years.

Category	2007	2006
Audit Fees (1)	\$ 2,780,000	\$ 2,586,000
Audit-Related Fees (2)	198,000	131,000
Tax Fees (3)	4,000	63,000
All Other Fees	0	0
<b>Total</b>	<b>\$ 2,982,000</b>	<b>\$ 2,780,000</b>

**Notes to Audit and Non-Audit Fees Table**

- (1) Audit fees consisted of professional services provided in connection with the audit of our annual financial statements, reviews of financial statements included in our Form 10-Qs,



reviews of registration statements and issuances of consents, as well as work generally only the independent auditor can reasonably be expected to provide, such as statutory audits.

- (2) Audit-related fees consisted principally of audits of financial statements of certain employee benefit plans.
- (3) Tax fees consisted principally of assistance with matters related to tax compliance.

#### **Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has a policy that all audit and non-audit services to be provided by our independent accountants, including services for our subsidiaries and affiliates, are to be approved in advance by the Audit Committee, regardless of the estimated cost for providing such services. Between meetings of the Committee, the Audit Committee has delegated this authority to the Chair of the Committee. In practice, these fees are normally approved by the Committee Chair and reviewed with the Audit Committee at a subsequent meeting. Management reviews with the Audit Committee at regularly scheduled meetings the total amount and nature of the audit and non-audit services provided by the independent accountants, including services for our subsidiaries and affiliates, since the Committee's last meeting. None of the services pre-approved by the Audit Committee or the Chair of the Committee during 2007 utilized the *de minimis* exception to pre-approval contained in the applicable rules of the Securities and Exchange Commission.



### **Audit Committee Report**

In accordance with the charter adopted by the Board of Directors, the Audit Committee assists the Board in fulfilling its oversight responsibilities in the areas of the Company's accounting policies and practices and financial reporting. The Committee has responsibility for appointing the independent accountants and internal auditors. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

The Audit Committee consists of five independent directors, as independence is defined under the rules of The New York Stock Exchange. All of the Committee members meet the expertise requirements under the rules of The New York Stock Exchange.

The Audit Committee held eight meetings in 2007. At its meetings during 2007, the Committee discussed with management, KPMG LLP, the Company's independent registered public accountants, and the Company's internal auditors the assessment of the Company's internal control over financial reporting. The Committee also discussed with KPMG its attestation report and opinion on the Company's internal control over financial reporting contained in the Company's 2007 Annual Report on Form 10-K.

The Audit Committee reviewed and discussed with management and KPMG the audited financial statements for the 2007 fiscal year, which ended February 2, 2008. The Committee also discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees" and, with and without management present, discussed and reviewed the results of KPMG's examination of the financial statements and the overall quality of the Company's financial reporting.

The Audit Committee obtained from KPMG the written disclosures and the letter required by Independence Standards Board Standard No. 1 "Independence Discussions with Audit Committees" and discussed with KPMG any relationships that may affect its objectivity. The Audit Committee also considered whether the non-audit services provided by KPMG to the Company are compatible with maintaining KPMG's independence. The Committee has satisfied itself that KPMG is independent.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Foot Locker's Annual Report on Form 10-K for the 2007 fiscal year.

Nicholas DiPaolo, *Chair*  
Jarobin Gilbert Jr.  
Matthew M. McKenna  
David Y. Schwartz  
Dona D. Young

**PROPOSAL 3:  
APPROVAL OF THE FOOT LOCKER  
ANNUAL INCENTIVE COMPENSATION PLAN, AS AMENDED AND RESTATED**

The Foot Locker Annual Incentive Compensation Plan was amended and restated (the Restated Annual Plan ) on March 26, 2008 by the Compensation and Management Resources Committee, subject to our shareholders approval at the 2008 annual meeting as to Covered Employees. The Restated Annual Plan is designed to comply with the requirements of Section 162(m) of the Internal Revenue Code. Under Section 162(m), the Company cannot deduct certain compensation in excess of \$1 million paid to the named executive officers of the Company (each, a Covered Employee ). Certain compensation, including compensation paid based on the achievement of pre-established performance goals, is excluded from this deduction limit if the material terms under which the compensation is to be paid, including the performance goals to be used, are approved by shareholders.

We are asking shareholders to approve the Restated Annual Plan, including the performance goals under the plan. Except for the addition of a goal related to division profit, the goals are unchanged from 2003 when shareholders last approved the performance goals. We are also making certain changes to the plan principally to comply with Internal Revenue Code Sections 409A and 162(m). A complete copy of the Restated Annual Plan is attached to this proxy statement as Appendix A.

**2008 Amendments**

We have specified in the Restated Annual Plan that any payments under the plan must be made within two and one-half months following the end of the fiscal year. Payment will only be made if the performance goals for the performance period are met.

We have added to the performance goals the attainment of certain target levels of, or percentage increase in, division profit. This is the only change to the performance goals since shareholders approved the performance goals in 2003.

We have eliminated the provisions permitting interim payments to participants and eliminated the provisions relating to participants deferral of awards under the plan.

**Material Features of the Restated Annual Plan**

The following is only a summary of the principal features of the Restated Annual Plan. This summary is qualified in its entirety by the complete text of the plan. Capitalized terms used in this summary but that are not defined here have the meanings contained in the Restated Annual Plan.

**Purpose of the Plan.** The purposes of the Restated Annual Plan are to reinforce corporate, organizational, and business development goals; to promote the achievement of year-to-year financial and other business objectives; to reward the performance of individual officers and other employees in fulfilling their personal responsibilities for year-to-year achievements; and to serve as a qualified performance-based compensation program under Section 162(m) of the Internal Revenue Code with regard to the Company s Chief Executive Officer and the four other most highly compensated executive officers employed at the end of the fiscal year ( Covered Employees ).

**Administration.** The Restated Annual Plan is administered by the Compensation and Management Resources Committee ( Compensation Committee ). Each member of this committee is an outside director under Section 162(m) of the Internal Revenue Code. The Committee has the authority to grant awards, determine performance criteria, certify attainment of performance goals, construe and interpret the Restated Annual Plan and make all other determinations deemed necessary or advisable for the administration of this plan.

**Participation.** Participation in the Restated Annual Plan is limited to those officers and other key employees of the Company, its subsidiaries and divisions, as selected by the Compensation Committee. In determining the persons to whom awards shall be granted, the Compensation Committee takes into account such factors as it considers appropriate to accomplish the purposes of the Restated Annual Plan.

**Awards.** Awards under the Restated Annual Plan relate to a period coinciding with the Company's fiscal year (the Performance Period ). The individual target award for each participant is expressed as

a percentage of Annual Base Salary. Payment for the awards is made only if the performance goals for the Performance Period are achieved and certified by the Compensation Committee and generally only if the participant remains employed by the Company through the Payment Date.

**Limit on Payment.** Payment to a Covered Employee may not exceed \$3 million for any fiscal year.

**Performance Goals.** The Restated Annual Plan provides that the Compensation Committee generally has the authority to determine the performance goals that will be in effect for a Performance Period. The Committee also has the authority to incorporate provisions in the performance goals allowing for adjustments in recognition of unusual or non-recurring events affecting the Company or our financial statements or in response to changes in applicable laws, regulations or accounting principles. The committee has the authority to determine the performance goals for the Covered Employees solely to the extent permitted by Section 162(m) of the Internal Revenue Code.

The performance goals for the Covered Employees will be determined by the Compensation Committee based on one or more of the following criteria:

- attaining  
certain  
target  
levels of,  
or  
percentage  
increase in,
- (a) pre-tax  
profit;
- (b) division  
profit;
- (c) after-tax  
profits of  
Foot Locker  
(or a  
subsidiary,  
division, or  
other  
operational  
unit of Foot  
Locker);
- (d) after-tax or  
pre-tax  
return on  
shareholders  
equity of  
Foot Locker  
(or any  
subsidiary,  
division or

other  
operational  
unit of Foot  
Locker);

attaining  
certain  
target  
levels of,  
or a  
specified  
increase  
in,

- (a) operational  
cash flow of  
Foot Locker  
(or a  
subsidiary,  
division, or  
other  
operational  
unit of Foot  
Locker);
- (b) return on  
invested  
capital or  
return on  
investment;

achieving a  
certain level  
of, a reduction  
of, or other  
specified  
objectives  
with regard to  
limiting the  
level of  
increase in,  
Foot Locker's  
bank debt,  
other  
long-term or  
short-term  
public or  
private debt,  
or other  
similar  
financial

obligations of  
Foot Locker, if  
any, which  
may be  
calculated net  
of any cash  
balances  
and/or other  
offsets and  
adjustments as  
may be  
established by  
the  
Committee;

attaining a  
specified  
percentage  
increase in  
earnings per  
share or  
earnings per  
share from  
continuing  
operations of  
Foot Locker  
(or a  
subsidiary,  
division or  
other  
operational  
unit of Foot  
Locker);

attaining  
certain target  
levels of, or a  
specified  
percentage  
increase in,  
revenues, net  
income, or  
earnings  
before interest,  
taxes,  
depreciation  
and/or  
amortization,  
of Foot Locker  
(or a  
subsidiary,



division, or  
other  
operational  
unit of Foot  
Locker); and

attaining a  
certain target  
level of, or  
reduction in,  
selling,  
general and  
administrative  
expense as a  
percentage of  
revenue of  
Foot Locker  
(or any  
subsidiary,  
division or  
other  
operational  
unit of Foot  
Locker).

**Amendment or Termination of Plan.** The Committee may amend, suspend, or terminate the Restated Annual Plan, or any part of it, but no amendment that requires shareholder approval in order for the plan to continue to comply with Section 162(m) of the Internal Revenue Code will be effective unless it is approved by the required vote of our shareholders. Also, no amendment may adversely affect the rights of any participant without the participant's consent under any awards previously granted under the plan.

**Benefits Not Determinable.** Because performance goal criteria may vary from year to year, benefits under the Restated Annual Plan are not determinable. The Restated Annual Plan is designed to provide payments only if the performance goals established by the Compensation Committee have been met and the attainment of the goals has been certified by the Committee. The Company did not make any payments under this plan for the 2007 fiscal year because the performance goals were not met.

**The Board of Directors recommends a vote FOR Proposal 3.**

**DEADLINES AND PROCEDURES FOR NOMINATIONS AND  
SHAREHOLDER PROPOSALS**

**Deadlines**

Under SEC rules, if a shareholder would like us to include a proposal in our proxy statement and form of proxy for the 2009 Annual Meeting of Shareholders, our Corporate Secretary must receive the proposal at our corporate headquarters by December 12, 2008 in order to be considered for inclusion in the 2009 proxy statement.

Under our By-laws, shareholders must follow certain procedures to nominate a person for election to the Board of Directors or to introduce an item of business at an annual meeting. Under these procedures, we must receive notice of a shareholder's intention to introduce a nomination or proposed item of business for an annual meeting not less than 90 days nor more than 120 days before the first anniversary of the prior year's annual meeting. For 2009, we must receive this notice no earlier than January 21, 2009 and no later than February 20, 2009, assuming that our 2009 annual meeting is held on schedule. However, if we hold the annual meeting on a date that is not within 30 days before or after the first anniversary of the prior year's annual meeting, then we must receive the notice no later than ten days after the earlier of the date we first provide notice of the meeting to shareholders or announce it publicly.

**Procedures**

Our By-laws provide that shareholders who wish to submit a nomination for director must deliver a notice to the Secretary of the Company at 112 West 34th Street, New York, New York 10120 not less than 90 days nor more than 120 days before the first anniversary of the prior year's annual meeting. We publish these dates each year in our proxy statement. For the 2009 annual meeting, these dates are set out in the preceding paragraph. The notice must contain the following information regarding the proposed nominee:

his or her  
name, age,  
business and  
residence  
address,

his or her  
principal  
occupation or  
employment,

the number  
of shares of  
the  
Company's  
Common  
Stock he or  
she  
beneficially  
owns,

any other  
information  
that is

required to be disclosed under the Exchange Act and rules and regulations of the Securities and Exchange Commission and The New York Stock Exchange,

the executed consent of such person to serve if elected, and

an undertaking by the individual to furnish us with any information we may request in order to determine his or her eligibility to serve as a director.

In addition, the shareholder who is making the nomination must include in the notice his or her name, address, and the number of shares of the Company's Common Stock that he or she beneficially owns.

Notice of a proposed item of business must include a description of and the reasons for bringing the proposed business to the meeting, any material interest of the shareholder in the business, and certain other information about the shareholder.

By Order of the Board of Directors

GARY M. BAHLER

*Secretary*

April 11, 2008



**LOCATION OF THE 2008 ANNUAL MEETING OF SHAREHOLDERS OF  
FOOT LOCKER, INC.**

Our corporate headquarters is the site of the 2008 Annual Meeting of Shareholders. We are located at 112 West 34th Street, New York City, New York.

**BY SUBWAY**

Take any of these subway lines: the A, B, C, D, E, F, N, Q, R, V, W or the Number 1, 2, or 3 trains to 34th Street. The A, C, E, 1, 2, and 3 trains stop at 34th Street-Penn Station. The B, D, F, N, Q, R, V, and W trains stop at 34th Street Herald Square. Our building is on the south side of 34th Street between 7th Avenue and Broadway.

**BY CAR OR TAXI**

Take the Lincoln Tunnel into New York City, following the signs for 34th Street. Turn left onto West 34th Street. Our building is on the south side of 34th Street between 7th Avenue and Broadway.

**FOOT LOCKER ANNUAL INCENTIVE COMPENSATION PLAN,  
AS AMENDED AND RESTATED**

The Compensation and Management Resources Committee of the Board of Directors of Foot Locker, Inc. ( Foot Locker ) has amended the Foot Locker Annual Incentive Compensation Plan (the Plan ) as of March 26, 2008, subject to shareholder approval at the 2008 annual meeting of shareholders. The Plan was previously amended and restated effective as of June 25, 2003.

**1. Purpose of the Plan.**

The purposes of the Plan are:

- (a) to reinforce corporate organizational and business development goals.
- (b) to promote the achievement of year-to-year and long-range financial and other business objectives such as high quality of service and product, improved productivity and efficiencies for the benefit of our customers' satisfaction and to assure a reasonable return to Foot Locker's shareholders.
- (c) to reward the performance of officers and key employees in fulfilling their personal responsibilities for annual achievements.
- (d) to serve as a qualified performance-based compensation program under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ) or any successor section and the Treasury regulations promulgated thereunder ( Section 162(m) of the Code ).

**2. Definitions.**

The following terms, as used herein, shall have the following meanings:

- (a) **Annual Base Salary** with respect to any Plan Year shall mean the total amount paid by Foot Locker and its subsidiaries to a participant during such Plan Year without reduction for any amounts withheld pursuant to participation in a qualified cafeteria plan under Section 125 of the Code, a qualified transportation arrangement under Section 132(f)(4) of the Code, or a cash or deferred arrangement under Section 401(k) of the Code. Annual Base Salary shall not include any amount paid or accruing to a participant under the Foot Locker Long-Term Incentive Compensation Plan or any other incentive compensation or bonus payment or extraordinary remuneration, expense allowances, imputed income or any other amounts deemed to be indirect compensation, severance pay and any contributions made by Foot Locker to this or any other plan maintained by Foot Locker or any other amounts which, in the opinion of the Committee, are not considered to be Annual Base Salary for purposes of the Plan.
- (b) **Board** shall mean the Board of Directors of Foot Locker.
- (c) **Committee** shall mean two or more members of the Compensation and Management Resources Committee of the Board, each of whom is an outside director within the meaning of Section 162(m) of the Code.
- (d) **Covered Employee** shall mean an officer or key employee of Foot Locker who is designated as an executive officer for purposes of Rule 3b-7 of the Securities Exchange Act of 1934 for the relevant Plan Year.
- (e) **Payment Date** shall mean the date selected by the Committee for payments under the Plan to be made following the finalization, review and approval of performance goal achievements for the Plan Year, which date shall be within

two and one-half months following the end of the Plan Year.

(f) **Individual Target Award** shall mean the targeted performance award for a Plan Year specified by the Committee as provided in Section 6 herein.

(g) **Plan Year** shall mean Foot Locker's fiscal year during which the Plan is in effect.

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**3. Administration of the Plan.**

The Plan shall be administered by the Committee. No member of the Committee while serving as such shall be eligible for participation in the Plan. The Committee shall have exclusive and final authority in all determinations and decisions affecting the Plan and its participants. The Committee shall also have the sole authority to interpret the Plan, to establish and revise rules and regulations relating to the Plan, to delegate such responsibilities or duties as it deems desirable, and to make any other determination that it believes necessary or advisable for the administration of the Plan including, but not limited to: (i) approving the designation of eligible participants; (ii) setting the performance criteria within the Plan guidelines; and (iii) certifying attainment of performance goals and other material terms. The Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to incorporate provisions in the performance goals allowing for adjustments in recognition of unusual or non-recurring events affecting Foot Locker or the financial statements of Foot Locker, or in response to changes in applicable laws, regulations, or accounting principles; provided that the Committee shall have such authority with regard to the performance goals of Covered Employees solely to the extent permitted by Section 162(m) of the Code. To the extent any provision of the Plan creates impermissible discretion under Section 162(m) of the Code or would otherwise violate Section 162(m) of the Code with regard to the performance goals of Covered Employees, such provision shall have no force or effect.

**4. Participation.**

Participation in the Plan is limited to officers or key employees of Foot Locker. Individual participants shall be those employees selected in the sole discretion of the Committee (in the case of Covered Employees) or its designee (in the case of all other officers and key employees). In determining the persons to whom awards shall be granted, the Committee shall take into account such factors as the Committee shall deem appropriate in connection with accomplishing the purposes of the Plan. The Committee may from time to time designate additional participants who satisfy the criteria for participation as set forth herein and shall determine when an officer or key employee of Foot Locker ceases to be a participant in the Plan.

**5. Right to Payment.**

Unless otherwise determined by the Committee in its sole discretion, a participant shall have no right to receive payment under this Plan unless the participant remains in the employ of Foot Locker at all times through and including the Payment Date.

**6. Payment.**

(a) Payment under this Plan to a participant will be made in cash in an amount equal to the achieved percentage of such participant's Annual Base Salary as determined by the Committee for each Plan Year. Such percentage shall be based on the participant's achievement of his or her Individual Target Award. Payment shall be made only if and to the extent the performance goals with respect to the Plan Year are attained.

(b) At the beginning of each Plan Year (or, with respect to Covered Employees, within the time period prescribed by Section 162(m) of the Code), the Committee shall establish all performance goals and the Individual Target Awards for such Plan Year and Foot Locker shall inform each participant of the Committee's determination with respect to such participant for such Plan Year. Individual Target Awards shall be expressed as a percentage of such participant's Annual Base Salary. At the time the performance goals are established, the Committee shall prescribe a formula to determine the percentages of the Individual Target Award which may be payable based upon the degree of attainment of the performance goals during the Plan Year.

(c) Notwithstanding anything to the contrary contained in this Plan,





(1) the performance goals in respect of awards granted to participants who are Covered Employees, shall be based on one or more of the following criteria:

(i) the attainment of certain target levels of, or percentage increase in, pre-tax profit;

(ii) the attainment of certain target levels of, or percentage increase in, division profit;

(iii) the attainment of certain target levels of, or a percentage increase in, after-tax profits of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(iv) the attainment of certain target levels of, or a specified increase in, operational cash flow of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(v) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of, Foot Locker's bank debt or other long-term or short-term public or private debt or other similar financial obligations of Foot Locker, if any, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee;

(vi) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations of Foot Locker (or a subsidiary, division or other operational unit of Foot Locker);

(vii) the attainment of certain target levels of, or a specified percentage increase in, revenues, net income, or earnings before (A) interest, (B) taxes, (C) depreciation and/or (D) amortization, of Foot Locker (or a subsidiary, division, or other operational unit of Foot Locker);

(viii) the attainment of certain target levels of, or a specified increase in, return on invested capital or return on investment;

(ix) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on shareholders equity of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker); and

(x) the attainment of a certain target level of, or reduction in, selling, general and administrative expense as a percentage of revenue of Foot Locker (or any subsidiary, division or other operational unit of Foot Locker), and

(2) in no event shall payment in respect of an award granted for a performance period be made to a participant who is a Covered Employee as of the end of such Plan Year in an amount which exceeds \$3 million. Subject to Section 3 of the Plan regarding certain adjustments, in connection with the establishment of the performance goals, the criteria listed above for Foot Locker (or any subsidiary, division or other operational unit of Foot Locker) shall be determined in accordance with generally accepted accounting principles consistently applied by Foot Locker, but before consideration of payments to be made pursuant to this Plan and pursuant to the Foot Locker Long-Term Incentive Compensation Plan.

#### ***7. Time of Payment.***

All payments earned by participants under this Plan will be paid after performance goal achievements for the Plan Year have been finalized, reviewed, approved, and to the extent required by Section 162(m) of the Code, certified by the Committee, but in no event later than two and one-half months following the end of the applicable Plan Year. Foot Locker's independent accountants shall, as of the close of the Plan Year, determine whether the performance goals have been achieved and communicate the results of such determination to the Committee.

#### ***8. Miscellaneous Provisions.***

(a) A participant's rights and interests under the Plan may not be sold, assigned, transferred, pledged or alienated.

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(b) In the case of a participant's death, payment, if any, under the Plan shall be made to his or her designated beneficiary, or in the event no beneficiary is designated or surviving, to the participant's estate.

(c) Neither this Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of Foot Locker.

(d) Foot Locker shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments made pursuant to the Plan.

(e) While Foot Locker does not guarantee any particular tax treatment, the Plan is designed and intended to comply with the short-term deferral rules under Section 409A of the Code and the applicable regulations thereunder and shall be limited, construed and interpreted with such intent. All amounts payable under the Plan shall be payable within the short-term deferral period in accordance with Section 409A and regulations issued thereunder.

(f) The Plan is designed and intended to comply with Section 162(m) of the Code with regard to awards made to Covered Employees, and all provisions hereof shall be limited, construed and interpreted in a manner so to comply.

(g) The Board or the Committee may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part; provided, that, no amendment which requires shareholder approval in order for the Plan to continue to comply with the exception for performance based compensation under Section 162(m) of the Code shall be effective unless the same shall be approved by the requisite vote of the shareholders of Foot Locker as determined under Section 162(m) of the Code. Notwithstanding the foregoing, no amendment shall affect adversely any of the rights of any participant, without such participant's consent, under the award theretofore granted under the Plan.

(h) The Plan shall be binding on Foot Locker and its successors by operation of law.

YOUR VOTE IS IMPORTANT  
PLEASE VOTE YOUR PROXY

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**X** **Votes must be indicated (x) in Black or Blue ink.** **Mark, Sign, Date and Return the Proxy Card Promptly Using the Enclosed Envelope.**

**DIRECTORS RECOMMEND A VOTE FOR PROPOSALS 1, 2 AND 3.**

1. ELECTION OF DIRECTORS.

<p><b>NOMINEES FOR 3-YEAR TERMS:</b></p> <p>01 Nicholas DiPaolo 02 Matthew M. McKenna</p>	<p><b>FOR all</b> nominees listed below</p>	<p><b>WITHHOLD AUTHORITY</b> to vote for all nominees listed below</p>	<p><b>EXCEPTIONS*</b></p>
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(NSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the Exceptions box and write that nominee's name in the space provided below).

\*Exceptions

2. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS.	FOR	AGAINST	ABSTAIN
3. APPROVAL OF ANNUAL INCENTIVE COMPENSATION PLAN, AS AMENDED AND RESTATED.	FOR	AGAINST	ABSTAIN

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2 AND 3.**

I plan to attend meeting

**Signature**

**Signature**

**Date**

**NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, give full title as such. If signing on behalf of a corporation, sign the full corporate name by authorized officer. The signer hereby revokes all proxies heretofore given by the signer to**

vote at the 2008 Annual Meeting of Shareholders of Foot Locker, Inc. and any adjournment or postponement thereof.

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5 FOLD AND DETACH HERE 5

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,  
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

**Internet and telephone voting are available through 9:00 A.M. Eastern Time  
on the annual meeting day.**

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner  
as if you marked, signed and returned your proxy card.**

**INTERNET**  
**<http://www.eproxy.com/fl>**

Use the Internet to vote your  
proxy.  
Have your proxy card in hand  
when you access the web site.

**OR**

**TELEPHONE**  
**1-866-580-9477**

Use any touch-tone  
telephone to  
vote your proxy.  
Have your proxy  
card in hand when  
you call.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.  
To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

Choose **MLink<sup>SM</sup>** or fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect<sup>®</sup>** at [www.bnymellon.com/shareowner/isd](http://www.bnymellon.com/shareowner/isd) where step-by-step instructions will prompt you through enrollment.

**You can view the Annual Report and Proxy Statement  
on the Internet at <http://bnymellon.mobular.net/bnymellon/fl>**

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## P R O X Y

### **THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY FOR THE ANNUAL MEETING TO BE HELD ON MAY 21, 2008**

Gary M. Bahler, Robert W. McHugh, Mathew D. Serra, or any of them, each with power of substitution, are hereby authorized to vote the shares of the undersigned at the Annual Meeting of Shareholders of Foot Locker, Inc., to be held on May 21, 2008, at 9:00 A.M., local time, at Foot Locker, Inc., 112 West 34th Street, New York, New York 10120, and at any adjournment or postponement thereof, upon the matters set forth in the Foot Locker, Inc. Proxy Statement and upon such other matters as may properly come before the Annual Meeting, voting as specified on the reverse side of this card with respect to the matters set forth in the Proxy Statement, and voting in the discretion of the above-named persons on such other matters as may properly come before the Annual Meeting.

**IF YOU ARE NOT VOTING BY TELEPHONE OR INTERNET, PLEASE SIGN AND DATE THE REVERSE SIDE OF THIS PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED ENVELOPE. THE PERSONS NAMED ABOVE AS PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS CARD OR VOTE BY TELEPHONE OR INTERNET. YOU MAY SPECIFY YOUR CHOICES BY MARKING THE APPROPRIATE BOXES, BUT YOU NEED NOT MARK ANY BOX IF YOU WISH TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS.**

#### **EMPLOYEE PLANS**

IF YOU ARE A PARTICIPANT IN THE FOOT LOCKER 401(k) PLAN OR THE FOOT LOCKER PUERTO RICO 1165(e) PLAN, THIS PROXY CARD COVERS THOSE SHARES ALLOCATED TO YOUR PLAN ACCOUNT. BY SIGNING AND RETURNING THIS PROXY CARD (OR VOTING BY TELEPHONE OR THE INTERNET) YOU WILL AUTHORIZE THE PLAN TRUSTEES TO VOTE THOSE SHARES ALLOCATED TO YOUR ACCOUNT AS YOU HAVE DIRECTED.

**Continued and to be marked, dated and signed, on the other side)**

**Address Change/Comments (Mark the corresponding box on the reverse side)**

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**5 FOLD AND DETACH HERE 5**

***You can now access your FOOT LOCKER, INC. account  
online.***

Access your Foot Locker, Inc. shareholder account online via Investor ServiceDirect® (ISD).

The transfer agent for Foot Locker, Inc, now makes it easy and convenient to get current information on your shareholder account.

- View account status
- View certificate history
- View book-entry information
- View payment history for dividends
- Make address changes



- Obtain a duplicate 1099 tax form
- Establish/change your PIN

***Visit us on the web at <http://www.bnymellon.com/shareowner/isd>***

***For Technical Assistance Call 1-877-978-7778 between 9am-7pm  
Monday-Friday Eastern Time***

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