

FOOTSTAR, INC.
DIRECTOR INDEPENDENCE STANDARDS

It is the policy of the Board of Directors (the “Board”) of Footstar, Inc. (“Footstar”) that a majority of its members be independent of Footstar management. The Board will review the independence of all non-employee Directors on an annual basis and will take into consideration all of the information provided by each Director in response to detailed inquiries concerning his or her independence and any direct or indirect business, family, employment, transactional or other relationship or affiliation of such Director with Footstar.

A Director is independent if the Board affirmatively determines that the Director does not have any relationship which, in the opinion of the Board, would interfere with his or her exercise of independent judgment in carrying out the responsibilities of a Director.

The Board has established the following standards of independence to assist it in making the determination of director independence, which are the same standards of independence established by The NASDAQ Stock Market under Marketplace Rule 4200(a)(15) for independence in general and, for independence of our Audit Committee members, by the Securities Exchange Commission under Rule 10A-3 of the Securities Exchange Act of 1934 and The NASDAQ Stock Market under Marketplace Rule 4350(d)(2).

Under these standards, a Director is not independent if:

1. The Director is or within the preceding three years was employed by Footstar¹;
2. The Director’s Family Member² is or within the preceding three years was employed by Footstar as an executive officer;

¹ For purposes of these Independence Standards, references to Footstar include any parent or subsidiary of Footstar, Inc.

² For purposes of these Independence Standards, references to Family Member have the same meaning as under NASDAQ Marketplace Rule 4200(a)(14) and means the Director’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in the Director’s home.

3. The Director accepted, or has a Family Member who accepted, any compensation from Footstar in excess of \$100,000 during any period of twelve consecutive months within the preceding three years other than: (i) compensation for board or board committee service; (ii) compensation paid to a Family Member who is an employee (other than an executive officer) of Footstar; (iii) payments arising solely from investments in the Footstar's securities; (iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation; or (v) loans permitted under Section 13(k) of the Securities Exchange Act of 1934.
4. The Director, or the Director's Family Member, is a partner in, or a controlling shareholder or an executive officer of, any organization to which Footstar made, or from which Footstar received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than: (i) payments arising solely from investments in Footstar's securities; or (ii) payments under non-discretionary charitable contribution matching programs;
5. The Director, or the Director's Family Member, is or within the preceding three years was employed as an executive officer of another entity where any of the executive officers of Footstar serve on the compensation committee of such other entity; or
6. The Director, or the Director's Family Member, is a current partner of Footstar's outside auditor or within the preceding three years was a partner or employee of Footstar's outside auditor who worked on Footstar's audit at any time during any of the past three years.

Board members who satisfy the definition of independence set forth in independence standards 1-6 above also will consider any other relationships, arrangements or transactions involving a Director which, in the opinion of the Board, may interfere with the Director's exercise of independent judgment in carrying out the responsibilities of a Director.

In addition to independence standards 1-6 above, an Audit Committee member is not independent if:

7. The Director accepted directly or indirectly any consulting, advisory, or other compensatory fee from Footstar, other than in his or her capacity as a member of the Audit Committee, the Board, or any other Board committee. For purposes of these Independence Standards, compensatory fees do not include the receipt of fixed amounts of compensation under a tax-qualified retirement plan for prior service with the listed issuer (provided that such compensation is not contingent in any way on continued service);

8. The Director is an affiliated person³ of Footstar (other than in his or her capacity as a member of the Audit Committee, the Board, or any other board committee); or
9. The Director participated in the preparation of the financial statements of Footstar at any time during the past three years (other than in his or her capacity as a member of the Audit Committee, the Board, or any other Board committee).

³ For purposes of these Independence Standards, a Director is considered an “affiliated person” of Footstar if, among other things, the Director directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with Footstar.