# Genesco Reports Fourth Quarter Fiscal 2010 Results

March 4, 2010

**Reiterates Fiscal 2011 Outlook--**

NASHVILLE, Tenn., March 3, 2010 /PRNewswire via COMTEX/ -- Genesco Inc. (NYSE: GCO) today reported earnings from continuing operations for the fourth quarter ended January 30, 2010, of $25.8 million, or $1.08 per diluted share, compared to earnings from continuing operations of $23.2 million, or $1.05 per diluted share, for the fourth quarter ended January 31, 2009. Fiscal 2010 fourth quarter earnings reflected charges of $0.08 per diluted share, including asset impairments, loss on early retirement of debt and tax rate adjustments, partially offset by a gain related to other legal matters. Fiscal 2009 fourth quarter earnings reflected charges of $0.01 per diluted share, including asset impairments, store closing costs and final expenses related to a terminated merger agreement, offset by a gain on a lease termination transaction and tax rate adjustments. In addition, Fiscal 2009 earnings also included a restatement of interest expense required by the adoption of APB 14-1, which required retroactive application resulting in additional interest costs.

Adjusted for the listed items in both periods, earnings from continuing operations were $27.7 million, or $1.16 per diluted share, for the fourth quarter of Fiscal 2010, compared to earnings from continuing operations of $23.9 million, or $1.06 per diluted share, for the fourth quarter of Fiscal 2009. For consistency with Fiscal 2010's previously announced earnings expectations, which did not reflect the listed items, the Company believes that disclosure of earnings from continuing operations adjusted for those items will be useful to investors. A reconciliation of the adjusted financial measures to their corresponding measures as reported pursuant to U.S. Generally Accepted Accounting Principles is included in Schedule B to this press release.

Net sales for the fourth quarter of Fiscal 2010 increased 6% to $479 million from $452 million in the fourth quarter of Fiscal 2009. Comparable store sales in the fourth quarter of Fiscal 2010 were flat with a year ago. Comparable store sales in the Hat World Group increased by 6%, the Journeys Group decreased by 3%, Underground Station decreased by 2%, and Johnston & Murphy Retail increased by 2%.

Robert J. Dennis, president and chief executive officer of Genesco, said, "Our fourth quarter earnings exceeded expectations, driven by strong sales at Hat World and our direct-to-consumer catalog and e-commerce businesses combined with higher gross margins for the Company and well managed expenses across all our divisions. This performance caps a year in which, despite a challenging retail environment, we generated almost $100 million in cash flow from operations and paid down all $32 million of our outstanding bank debt, to end with $82 million in cash and no debt.

"As we begin the new fiscal year, all of our businesses are performing above their fourth quarter comparable sales, with positive comparable store sales across the board. For February, comparable sales increased 10% for the Hat World Group, 4% for the Journeys Group, 13% for Underground Station, 4% for Johnston & Murphy Retail and 6% for the total Company. Including the 17% comparable sales increase for the direct businesses, the Company's comparable sales for February increased 7%.

"Especially given the strong start to the first quarter, we remain comfortable with our previously announced expectations for fiscal 2011 of earnings per share between $2.00 and $2.10. Consistent with previous years, this guidance does not include expected non-cash asset impairments which are projected to be approximately $9 million to $11 million, or $0.23 to $0.28 per share, in fiscal 2011. This guidance assumes full year comparable sales in the positive 2% to 3% range.

"We move forward confident that we have the right strategies in place at each of our operating segments. With a much stronger balance sheet than a year ago, we are better positioned to pursue multiple near-term growth opportunities that we have identified."

**Fiscal Year 2010**

The Company also reported earnings from continuing operations for the fiscal year ended January 30, 2010, of $29.1 million, or $1.31 per diluted share, compared to earnings from continuing operations of $156.2 million, or $6.72 per diluted share, for the fiscal year ended January 31, 2009. Fiscal 2010 earnings reflected charges of $0.56 per diluted share, including asset impairments, loss on early retirement of debt and tax rate adjustments, partially offset by a gain related to other legal matters. In addition, Fiscal 2010 reflected additional interest expense due to the adoption in the first quarter of Fiscal 2010 of FSP APB 14-1, a new accounting standard applicable to the Company's convertible debt. Fiscal 2009 earnings reflected a gain of $4.91 per diluted share from the settlement of merger-related litigation with The Finish Line offset by merger-related expenses, asset impairments, store closing costs and other items listed on Schedule B to this press release. Fiscal 2009 earnings also included a restatement of interest expense required by the adoption of APB 14-1, which required retroactive application resulting in additional interest costs.

Adjusted for the listed items in both years, earnings from continuing operations were $43.1 million, or $1.87 per diluted share, for Fiscal 2010, compared to earnings from continuing operations of $40.8 million, or $1.81 per diluted share, for Fiscal 2009. For consistency with previously announced earnings expectations, which did not reflect the listed items, the Company believes that disclosure of earnings from continuing operations adjusted for those items will be useful to investors. A reconciliation of the adjusted financial measures to their corresponding measures as reported pursuant to U.S. Generally Accepted Accounting Principles is included in Schedule B to this press release. Net sales for Fiscal 2010 increased 1% to $1.57 billion from $1.55 billion in Fiscal 2009.

**Cautionary Note Concerning Forward-Looking Statements**

This release contains forward-looking statements, including those regarding the performance outlook for the Company for Fiscal 2011, and all other statements not addressing solely historical facts or present conditions. Actual results could vary materially from the expectations reflected in these statements. A number of factors could cause differences. These include continuing weakness in the consumer economy, inability of customers to obtain credit, fashion trends that affect the sales or product margins of the Company's retail product offerings, changes in buying patterns by significant wholesale customers, bankruptcies or deterioration in financial condition of significant wholesale customers, disruptions in product supply or distribution, unfavorable trends in fuel costs, foreign exchange rates, foreign labor and materials costs, and other factors affecting the cost of products, competition in the Company's markets and changes in the timing of holidays or in the onset of seasonal weather affecting periodtoperiod sales comparisons. Additional factors that could affect the Company's prospects and cause differences from expectations include the ability to build, open, staff and support additional retail stores, to renew leases in existing stores and to conduct required remodeling or refurbishment on schedule and at expected expense levels, deterioration in the performance of individual businesses or of the Company's market value relative to its book value, resulting in impairments of fixed assets or intangible assets or other adverse financial consequences, unexpected changes to the market for our shares, variations from expected pension-related charges caused by conditions in the financial markets, and the outcome of litigation, investigations and environmental matters involving the Company. Additional factors are cited in the "Risk Factors," "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of, and elsewhere, in our SEC filings, copies of which may be obtained from the SEC website, www.sec.gov, or by contacting the investor relations department of Genesco via our website, www.genesco.com. Many of the factors that will determine the outcome of the subject matter of this release are beyond Genesco's ability to control or predict. Genesco undertakes no obligation to release publicly the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Forward-looking statements reflect the expectations of the Company at the time they are made. The Company disclaims any obligation to update such statements.

**Conference Call**

The Company's live conference call on March 4, 2010, at 7:30 a.m. (Central time) may be accessed through the Company's internet website, www.genesco.com. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software.

**About Genesco Inc.**

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear and accessories in more than 2,270 retail stores in the United States and Canada, principally under the names Journeys, Journeys Kidz, Shi by Journeys, Johnston & Murphy, Underground Station, Hatworld, Lids, Hat Shack, Hat Zone, Head Quarters and Cap Connection, and on internet websites www.journeys.com, www.journeyskidz.com, www.shibyjourneys.com, www.undergroundstation.com, http://www.johnstonmurphy.com/www.dockersshoes.com, and www.lids.com. The Company also sells footwear at wholesale under its Johnston & Murphy brand and under the licensed Dockers brand. Additional information on Genesco and its operating divisions may be accessed at its website www.genesco.com.

GENESCO INC.

Consolidated Earnings Summary

| In Thousands | Fourth Quarter January 30, 2010 | Fourth Quarter Restated * January 31, 2009 | Fiscal Year Ended January 30, 2010 | Fiscal Year Ended Restated * January 31, 2009 |
|---|---|---|---|---|
| Net sales | $479,026 | $451,722 | $1,574,352 | $1,551,562 |
| Cost of sales | 242,489 | 232,373 | 778,482 | 771,580 |
| Selling and administrative expenses | 189,960 | 180,534 | 718,269 | 713,365 |
| Restructuring and other, net | 2,497 | (282) | 13,361 | (196,575) |
| Earnings from operations | 44,080 | 39,097 | 64,240 | 263,192 |
| Loss on early retirement of debt | 399 | - | 5,518 | - |
| Interest expense, net | 1,439 | 3,405 | 8,234 | 12,478 |
| Earnings before income taxes from continuing operations | 42,242 | 35,692 | 50,488 | 250,714 |
| Income tax expense | 16,413 | 12,513 | 21,402 | 94,495 |
| Earnings from continuing operations | 25,829 | 23,179 | 29,086 | 156,219 |

Earnings from (provision

| | | | | |
|---|---|---|---|---|
| for) discontinued operations, net | 25 | 16 | (273) | (5,463) |
| Net Earnings | $25,854 | $23,195 | $28,813 | $150,756 |

* Fiscal 2009 results restated as a result of retroactive application of FSP APB 14-1.

Earnings Per Share Information

| In Thousands (except per share amounts) | Fourth Quarter January 30, 2010 | Fourth Quarter Restated * January 31, 2009 | Fiscal Year Ended January 30, 2010 | Fiscal Year Ended Restated * January 31, 2009 |
|---|---|---|---|---|
| Preferred dividend requirements | $50 | $50 | $198 | $198 |
| Average common shares - Basic EPS | 23,279 | 18,737 | 21,471 | 19,235 |
| Basic earnings per share: | | | | |
| Before discontinued operations | $1.11 | $1.23 | $1.35 | $8.11 |
| Net earnings | $1.11 | $1.23 | $1.33 | $7.83 |
| Average common and common equivalent shares - Diluted EPS | 23,981 | 23,223 | 23,500 | 23,911 |
| Diluted earnings per share: | | | | |
| Before discontinued operations | $1.08 | $1.05 | $1.31 | $6.72 |
| Net earnings | $1.08 | $1.05 | $1.30 | $6.49 |

GENESCO INC.

Consolidated Earnings Summary

| In Thousands | Fourth Quarter January 30, 2010 | Fourth Quarter Restated January 31, 2009 | Fiscal Year Ended January 30, 2010 | Fiscal Year Ended Restated January 31, 2009 |
|---|---|---|---|---|
| Sales: | | | | |
| Journeys Group | $225,356 | $229,541 | $749,202 | $760,008 |
| Underground Station Group | 32,223 | 34,035 | 99,458 | 110,902 |
| Hat World Group | 152,403 | 122,409 | 465,776 | 405,446 |
| Johnston & Murphy Group | 47,334 | 45,593 | 166,079 | 177,963 |
| Licensed Brands | 21,540 | 20,019 | 93,194 | 96,561 |
| Corporate and Other | 170 | 125 | 643 | 682 |
| Net Sales | $479,026 | $451,722 | $1,574,352 | $1,551,562 |

| | | | | |
|---|---|---|---|---|
| Operating Income (Loss): | | | | |
| Journeys Group | $24,029 | $24,463 | $44,285 | $49,050 |
| Underground Station Group | 1,517 | 593 | (4,584) | (5,660) |
| Hat World Group | 19,979 | 14,770 | 44,039 | 36,670 |
| Johnston & Murphy Group | 4,126 | 1,867 | 5,484 | 10,069 |
| Licensed Brands | 2,847 | 2,387 | 12,372 | 11,925 |
| Corporate and Other* | (8,418) | (4,983) | (37,356) | 161,138 |
| Earnings from operations | 44,080 | 39,097 | 64,240 | 263,192 |
| Loss on early retirement of debt | 399 | - | 5,518 | - |
| Interest, net | 1,439 | 3,405 | 8,234 | 12,478 |
| Earnings Before income taxes from continuing operations | 42,242 | 35,692 | 50,488 | 250,714 |
| Income tax expense | 16,413 | 12,513 | 21,402 | 94,495 |
| Earnings from continuing operations | 25,829 | 23,179 | 29,086 | 156,219 |
| Earnings from (provision for) discontinued operations | 25 | 16 | (273) | (5,463) |
| Net Earnings | $25,854 | $23,195 | $28,813 | $150,756 |

*Includes $2.5 million of other charges in the fourth quarter of Fiscal 2010, which includes $2.9 million in asset impairments and $0.2 million in lease terminations offset by $0.6 million in other legal matters. Includes $13.4 million of other charges in Fiscal 2010 which includes $13.3 million in asset impairments and $0.4 million for lease terminations offset by $0.3 million in other legal matters. For Fiscal 2010, there is also an additional $0.1 million of charges related to lease terminations that are included in cost of sales in the consolidated earnings summary.

Includes a $0.3 million credit in the fourth quarter of Fiscal 2009 which includes a $3.8 million gain on a lease termination offset by $3.1 million in asset impairments and $0.4 million for lease terminations. Includes a $196.6 million credit in Fiscal 2009 of which $204.1 million were proceeds as a result of the settlement of merger-related litigation with The Finish Line and its investment bankers and a $3.8 million gain from a lease termination offset by $8.6 million in asset impairments, $1.6 million in lease terminations and $1.1 million for other legal matters. In the fourth quarter and year of Fiscal 2009, there is also an additional $0.1 million and $0.2 million, respectively, of charges related to lease terminations that are included in cost of sales on the consolidated earnings summary. The fourth quarter and Fiscal 2009 also included $0.2 million and $8.0 million, respectively, of merger-related expenses.

GENESCO INC.

Consolidated Balance Sheet

| In Thousands | January 30, 2010 | Restated January 31, 2009 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $82,148 | $17,672 |
| Accounts receivable | 27,217 | 23,744 |
| Inventories | 290,974 | 306,078 |
| Other current assets | 49,733 | 50,625 |
| Total current assets | 450,072 | 398,119 |
| Property and equipment | 216,293 | 239,681 |
| Other non-current assets | 197,287 | 178,263 |
| Total Assets | $863,652 | $816,063 |
| **Liabilities and Shareholders' Equity** | | |
| Accounts payable | $92,699 | $73,143 |
| Current portion - long-term debt | - | - |
| Other current liabilities | 76,958 | 65,839 |
| Total current liabilities | 169,657 | 138,982 |
| Long-term debt | - | 113,735 |
| Other long-term liabilities | 111,682 | 113,591 |
| Shareholders' equity | 582,313 | 449,755 |
| Total Liabilities and Shareholders' Equity | $863,652 | $816,063 |

GENESCO INC.

Retail Units Operated - Twelve Months Ended January 30, 2010

| | Balance 02/02/08 | Open | Close | Balance 01/31/09 |
|---|---|---|---|---|
| Journeys Group | 967 | 50 | 5 | 1,012 |
| Journeys | 805 | 16 | 5 | 816 |
| Journeys Kidz | 115 | 26 | 0 | 141 |
| Shi by Journeys | 47 | 8 | 0 | 55 |
| Underground Station Group | 192 | 0 | 12 | 180 |
| Hat World Group | 862 | 43 | 20 | 885 |
| Johnston & Murphy Group | 154 | 9 | 6 | 157 |
| Shops | 113 | 6 | 5 | 114 |
| Factory Outlets | 41 | 3 | 1 | 43 |
| Total Retail Units | 2,175 | 102 | 43 | 2,234 |

| | Acquisitions | Open | Close | Balance 01/30/10 |
|---|---|---|---|---|
| Journeys Group | 0 | 19 | 6 | 1,025 |
| Journeys | 0 | 9 | 6 | 819 |
| Journeys Kidz | 0 | 9 | 0 | 150 |
| Shi by Journeys | 0 | 1 | 0 | 56 |
| Underground Station Group | 0 | 0 | 10 | 170 |
| Hat World Group | 38 | 35 | 37 | 921 |

| | | | | |
|---|---|---|---|---|
| Johnston & Murphy Group | 0 | 7 | 4 | 160 |
| Shops | 0 | 5 | 3 | 116 |
| Factory Outlets | 0 | 2 | 1 | 44 |
| Total Retail Units | 38 | 61 | 57 | 2,276 |

Retail Units Operated - Three Months Ended January 30, 2010

| | Balance 10/31/09 | Acquisitions | Open | Close | Balance 01/30/10 |
|---|---|---|---|---|---|
| Journeys Group | 1,022 | 0 | 4 | 1 | 1,025 |
| Journeys | 819 | 0 | 1 | 1 | 819 |
| Journeys Kidz | 148 | 0 | 2 | 0 | 150 |
| Shi by Journeys | 55 | 0 | 1 | 0 | 56 |
| Underground Station Group | 174 | 0 | 0 | 4 | 170 |
| Hat World Group | 885 | 37 | 12 | 13 | 921 |
| Johnston & Murphy Group | 162 | 0 | 1 | 3 | 160 |
| Shops | 117 | 0 | 1 | 2 | 116 |
| Factory Outlets | 45 | 0 | 0 | 1 | 44 |
| Total Retail Units | 2,243 | 37 | 17 | 21 | 2,276 |

Constant Store Sales

| | Three Months Ended | | Twelve Months Ended | |
|---|---|---|---|---|
| | January 30, 2010 | January 31, 2009 | January 30, 2010 | January 31, 2009 |
| Journeys Group | -3% | -2% | -3% | 1% |
| Underground Station Group | -2% | -12% | -7% | 0% |
| Hat World Group | 6% | -4% | 3% | 2% |
| Johnston & Murphy Group | 2% | -17% | -8% | -10% |
| Total Constant Store Sales | 0% | -5% | -2% | 0% |

Schedule B

Genesco Inc.
Adjustments to Reported Earnings from Continuing Operations
Three Months Ended January 30, 2010 and January 31, 2009

| In Thousands (except per share amounts) | 3 mos Jan 2010 | Impact on EPS | 3 mos Jan 2009 | Impact on EPS |
|---|---|---|---|---|
| Earnings from continuing operations, as reported | $25,829 | $1.08 | $23,179 | $1.05 |
| Adjustments: (1) | | | | |
| Merger-related expenses | - | - | 132 | 0.01 |
| Impairment & lease termination charges | 1,927 | 0.08 | 2,254 | 0.10 |
| Gain on lease termination | - | - | (1,295) | (0.06) |
| Other legal matters | (382) | (0.01) | (13) | - |
| Loss on early retirement of debt | 247 | 0.01 | - | - |
| Convertible debt interest restatement (APB 14-1) | 23 | - | 494 | - |

| | | | | |
|---|---|---|---|---|
| Lower (higher) effective tax rate(2) | 74 | - | (825) | (0.04) |
| Adjusted earnings from continuing operations(3) | $27,718 | $1.16 | $23,926 | $1.06 |

(1) All adjustments are net of tax. The tax rate for the fourth quarter of Fiscal 2010 is 38.2% excluding a FIN 48 discreet item of $0.2 million. The tax rate for the fourth quarter of Fiscal 2009 before the impact of the settlement of merger-related litigation and deductibility of prior year merger-related expenses and other listed items above is 37.4%.

(2) Includes added tax on Finish Line share appreciation and impact on EPS calculation from additional tax in Fiscal 2009.

(3) Reflects 24.0 million share count for Fiscal 2010 and 23.2 million share count for Fiscal 2009 which includes convertible shares and common stock equivalents in both years.

The Company believes that disclosure of earnings and earnings per share from continuing operations on a pro forma basis adjusted for the items not reflected in the previously announced expectations will be meaningful to investors, in light of the impact of changes in effective tax rates and other items not reflected in those expectations.

Schedule B

Genesco Inc.

Adjustments to Reported Earnings from Continuing Operations

Twelve Months Ended January 30, 2010 and January 31, 2009

| In Thousands (except per share amounts) | 12 mos Jan 2010 | Impact on EPS | 12 mos Jan 2009 | Impact on EPS |
|---|---|---|---|---|
| Earnings from continuing operations, as reported | $29,086 | $1.31 | $156,219 | $6.72 |
| Adjustments: (1) | | | | |
| Settlement of merger-related litigation | - | - | (124,159) | (5.19) |
| Merger-related expenses | - | - | 4,884 | 0.20 |
| Impairment & lease termination charges | 8,447 | 0.36 | 6,305 | 0.26 |
| Gain on lease termination | - | - | (1,258) | (0.05) |
| Other legal matters | (167) | (0.01) | 645 | 0.03 |
| Loss on early retirement of debt | 3,396 | 0.14 | - | - |
| Convertible debt interest restatement (APB 14-1) | 871 | - | 1,880 | - |
| Interest on settlement income | - | - | (419) | (0.02) |
| Lower (higher) effective tax rate(2) | 1,508 | 0.07 | (3,279) | (0.14) |
| Adjusted earnings from continuing operations(3) | $43,141 | $1.87 | $40,818 | $1.81 |

(1) All adjustments are net of tax. The tax rate for Fiscal 2010 before a positive adjustment of $1.2 million for FIN 48 and other adjustments is 38.45% excluding a FIN 48 discreet item of $0.5 million. The tax rate for Fiscal 2010 excludes the non-deductibility of certain items incurred in connection with the

inducement of the conversion of the 4 1/8% Debentures for common stock. The tax rate for Fiscal 2009 before the impact of the settlement of merger-related litigation and deductibility of prior year merger-related expenses and other listed items above is 39.2%.

(2) Includes added tax on Finish Line share appreciation and impact on EPS calculation from additional tax in Fiscal 2009.

(3) Reflects 23.5 million share count for Fiscal 2010 and 23.9 million share count for Fiscal 2009 which includes convertible shares and common stock equivalents in both years.

The Company believes that disclosure of earnings and earnings per share from continuing operations on a pro forma basis adjusted for the items not reflected in the previously announced expectations will be meaningful to investors, in light of the impact of changes in effective tax rates and other items not reflected in those expectations.

Schedule B

Genesco Inc.
Adjustments to Forecasted Earnings from Continuing Operations
Fiscal Year Ending January 29, 2011

| In Thousands (except per share amounts) | High Guidance Fiscal 2011 | | Low Guidance Fiscal 2011 | |
|---|---|---|---|---|
| Forecasted earnings from continuing operations | $44,271 | $1.84 | $41,869 | $1.74 |
| Adjustments:(1) | | | | |
| Impairment and lease termination charges | 6,108 | 0.26 | 6,108 | 0.26 |
| Adjusted forecasted earnings from continuing operations(2) | $50,379 | $2.10 | $47,977 | $2.00 |

(1) All adjustments are net of tax. The forecasted tax rate for Fiscal 2011 is 40.0%.

(2) Reflects 23.9 million share count for Fiscal 2011 which includes common stock equivalents.

This reconciliation reflects estimates and current expectations of future results. Actual results may vary materially from these expectations and estimates, for reasons including those included in the discussion of forward-looking statements elsewhere in this release. The Company disclaims any obligation to update such expectations and estimates.

SOURCE Genesco Inc.