[GENESCO LOGO]

(Mark One) FORM 10-Q

[X] Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934 For Quarter Ended May 5, 2001

[ ] Transition Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Securities and Exchange Commission
Washington, D.C. 20549
Commission File No. 1-3083

GENESCO INC.
A Tennessee Corporation
I.R.S. No. 62-0211340
Genesco Park
1415 Murfreesboro Road
Nashville, Tennessee 37217-2895
Telephone 615/367-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports with the commission) and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

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Common Shares Outstanding June 15, 2001 - 21,974,607

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PART I - FINANCIAL INFORMATION

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Balance Sheet
In Thousands

	MAY 5, 2001	FEBRUARY 3, 2001	APRIL 29, 2000
ASSETS			
CURRENT ASSETS			
Cash and short-term investments	$ 34,133	$ 60,382	$ 45,218
Accounts receivable	26,787	22,700	28,645
Inventories	146,960	134,236	113,153
Deferred income taxes	15,263	15,263	14,826
Other current assets	11,349	10,806	8,978
Current assets of discontinued operations	187	359	-0-
Total current assets	234,679	243,746	210,820
Plant, equipment and capital leases, net	90,028	87,747	74,396
Deferred income taxes	3,396	3,396	4,184
Other noncurrent assets	16,591	16,644	12,992
Plant and equipment of discontinued operations, net	554	630	-0-
TOTAL ASSETS	$ 345,248	$ 352,163	$ 302,392
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$ 74,771	$ 94,252	$ 70,638
Provision for discontinued operations	4,023	4,568	2,139
Total current liabilities	78,794	98,820	72,777
Long-term debt	103,500	103,500	103,500
Other long-term liabilities	8,054	7,354	6,260
Provision for discontinued operations	3,578	4,264	5,523
Total liabilities	193,926	213,938	188,060
Contingent liabilities (see Note 9)			
SHAREHOLDERS' EQUITY			
Non-redeemable preferred stock	7,694	7,721	7,875
Common shareholders' equity:			
Common stock, $1 par value:			
Authorized: 80,000,000 shares			
Issued: May 5, 2001 - 22,390,428;			
February 3, 2001 - 22,149,915;			
April 29, 2000 - 21,955,674	22,391	22,150	21,956
Additional paid-in capital	100,155	95,194	94,754
Retained earnings	39,281	31,017	7,604
Accumulated other comprehensive income	(342)	-0-	-0-
Treasury shares, at cost	(17,857)	(17,857)	(17,857)
Total shareholders' equity	151,322	138,225	114,332
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 345,248	$ 352,163	$ 302,392

The accompanying Notes are an integral part of these Consolidated Financial Statements.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Earnings
Three Months Ended
In Thousands, except per share amounts

	MAY 5, 2001	APRIL 29, 2000
Net sales	$ 171,918	$ 146,644
Cost of sales	89,821	78,338
Selling and administrative expenses	67,212	56,434
Earnings from operations before interest	14,885	11,872
Interest expense	2,158	2,101
Interest income	(623)	(419)
Total interest expense, net	1,535	1,682
Earnings before income taxes and discontinued operations	13,350	10,190
Income taxes	5,012	3,997
Earnings before discontinued operations	8,338	6,193
Discontinued operations (net of tax):		
Operating loss	-0-	(232)
NET EARNINGS	$ 8,338	$ 5,961
Basic earnings per common share:		
Before discontinued operations	$ 0.38	$ 0.28
Net earnings	$ 0.38	$ 0.27
Diluted earnings per common share:		
Before discontinued operations	$ 0.34	$ 0.26
Net earnings	$ 0.34	$ 0.25

The accompanying Notes are an integral part of these Consolidated Financial Statements.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Three Months Ended
Consolidated Cash Flows
In Thousands

	MAY 5, 2001	APRIL 29, 2000
OPERATIONS:		
Net earnings	$ 8,338	$ 5,961
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,832	3,039
Provision for losses on accounts receivable	114	122
Other	230	341
Effect on cash of changes in working capital and other assets and liabilities:		
Accounts receivable	(4,029)	(5,149)
Inventories	(12,724)	(3,338)
Other current assets	(543)	(97)
Accounts payable and accrued liabilities	(20,368)	(4,316)
Other assets and liabilities	646	405
Net cash used in operating activities	(24,504)	(3,032)
INVESTING ACTIVITIES:		
Capital expenditures	(6,408)	(8,950)
Proceeds from businesses divested and asset sales	56	95
Net cash used in investing activities	(6,352)	(8,855)
FINANCING ACTIVITIES:		
Stock repurchase	-0-	(3,728)
Payments of capital leases	-0-	(1)
Dividends paid	(74)	(75)
Exercise of options and related income tax benefits	4,681	3,049
Net cash provided by (used in) financing activities	4,607	(755)
NET CASH FLOW	(26,249)	(12,642)
Cash and short-term investments at beginning of period	60,382	57,860
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	$ 34,133	$ 45,218
SUPPLEMENTAL CASH FLOW INFORMATION:		
Net cash paid for:		
Interest	$ 3,519	$ 3,382
Income taxes	4,601	685

The accompanying Notes are an integral part of these Consolidated Financial Statements.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Shareholders' Equity
In Thousands

	TOTAL NON-REDEEMABLE PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance January 29, 2000	$ 7,882	$ 21,715	$ 94,784	$ (17,857)	$ 1,718	$ -0-
Net earnings	-0-	-0-	-0-	-0-	29,598	-0-
Dividends paid	-0-	-0-	-0-	-0-	(299)	-0-
Exercise of options	-0-	1,013	5,017	-0-	-0-	-0-
Issue shares - Employee Stock Purchase Plan	-0-	55	508	-0-	-0-	-0-
Tax effect of exercise of stock options	-0-	-0-	2,758	-0-	-0-	-0-
Stock repurchases	-0-	(646)	(8,131)	-0-	-0-	-0-
Other	(161)	13	258	-0-	-0-	-0-
Comprehensive Income						
Balance February 3, 2001	$ 7,721	$ 22,150	$ 95,194	$ (17,857)	$ 31,017	$ -0-
Net earnings	-0-	-0-	-0-	-0-	8,338	-0-
Dividends paid	-0-	-0-	-0-	-0-	(74)	-0-
Exercise of options	-0-	237	4,444	-0-	-0-	-0-
Tax effect of exercise of stock options	-0-	-0-	475	-0-	-0-	-0-
Loss on foreign currency forward contracts	-0-	-0-	-0-	-0-	-0-	(342)
Other	(27)	4	42	-0-	-0-	-0-
Comprehensive Income						
Balance May 5, 2001	$ 7,694	$ 22,391	$ 100,155	$ (17,857)	$ 39,281	(342)

	COMPREHENSIVE INCOME	TOTAL SHARE-HOLDERS' EQUITY
Balance January 29, 2000		$ 108,242
Net earnings	29,598	29,598
Dividends paid	-0-	(299)
Exercise of options	-0-	6,030
Issue shares - Employee Stock Purchase Plan	-0-	563
Tax effect of exercise of stock options	-0-	2,758
Stock repurchases	-0-	(8,777)
Other	-0-	110
Comprehensive Income	$ 29,598	
Balance February 3, 2001		$ 138,225
Net earnings	8,338	8,338
Dividends paid	-0-	(74)
Exercise of options	-0-	4,681
Tax effect of exercise of stock options	-0-	475
Loss on foreign currency forward contracts	(342)	(342)
Other	-0-	19
Comprehensive Income	$ 7,996	
Balance May 5, 2001	$	$ 151,322

The accompanying Notes are an integral part of these Consolidated Financial Statements.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTERIM STATEMENTS

The consolidated financial statements contained in this report are unaudited but reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results for the interim periods of the fiscal year ending February 2, 2002 ("Fiscal 2002") and of the fiscal year ended February 3, 2001 ("Fiscal 2001"). The results of operations for any interim period are not necessarily indicative of results for the full year. The financial statements should be read in conjunction with the financial statements and notes thereto included in the annual report on Form 10-K.

NATURE OF OPERATIONS

The Company's businesses include the manufacture or sourcing, marketing and distribution of footwear principally under the Johnston & Murphy and Dockers brands and the operation at May 5, 2001 of 810 Jarman, Journeys, Journeys Kidz, Johnston & Murphy and Underground Station retail footwear stores and leased departments. The Company entered into an agreement with Nautica Apparel, Inc. to end its license to market footwear under the Nautica label, effective January 31, 2001. The Company will continue to sell Nautica - branded footwear for the first six months of Fiscal 2002 in order to fill existing customer orders and sell existing inventory. (See Note 2). The Company also sold certain assets of its Volunteer Leather business on June 19, 2000, and has discontinued all Leather segment operations. (See Note 2).

BASIS OF PRESENTATION

All subsidiaries are included in the consolidated financial statements. All significant intercompany transactions and accounts have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL STATEMENT RECLASSIFICATIONS

Certain reclassifications have been made to conform prior years' data to the current presentation.

CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments at February 3, 2001 and May 5, 2001, are short-term investments of $53.3 million and $25.2 million, respectively. Short-term investments are highly-liquid debt instruments having an original maturity of three months or less.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVENTORIES

Inventories of wholesaling and manufacturing companies are stated at the lower of cost or market, with cost determined principally by the first-in, first-out method. Retail inventories are determined by the retail method.

PLANT, EQUIPMENT AND CAPITAL LEASES

Plant, equipment and capital leases are recorded at cost and depreciated or amortized over the estimated useful life of related assets. Depreciation and amortization expense are computed principally by the straight-line method over estimated useful lives:

Buildings and building equipment	20-45 years
Machinery, furniture and fixtures	3-15 years

Leasehold improvements and properties under capital leases are amortized on the straight-line method over the shorter of their useful lives or their related lease terms.

IMPAIRMENT OF LONG-TERM ASSETS

The Company periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than carrying amount.

POSTRETIREMENT BENEFITS

Substantially all full-time employees are covered by a defined benefit pension plan. The Company also provides certain former employees with limited medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

REVENUE RECOGNITION

Retail sales are recorded net of actual returns, and exclude all taxes, while wholesale revenue is recorded net of estimated returns when the related goods have been shipped and legal title has passed to the customer.

PREOPENING COSTS

Costs associated with the opening of new stores are expensed as incurred.

ADVERTISING COSTS

Advertising costs are predominantly expensed as incurred. Advertising costs were $5.2 million and $5.3 million for the first quarter of Fiscal 2002 and 2001, respectively.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ENVIRONMENTAL COSTS

Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated and are evaluated independently of any future claims for recovery. Generally, the timing of these accruals coincides with completion of a feasibility study or the Company's commitment to a formal plan of action. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

INCOME TAXES

Deferred income taxes are provided for all temporary differences and operating loss and tax credit carryforwards limited, in the case of deferred tax assets, to the amount the Company believes is more likely than not to be realized in the foreseeable future.

EARNINGS PER COMMON SHARE

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock. (see Note 8).

COMPREHENSIVE INCOME

The Statement of Financial Accounting Standards (SFAS) 130, "Reporting Comprehensive Income" requires, among other things, the Company's minimum pension liability adjustment and gain or loss on derivative instruments to be included in other comprehensive income.

BUSINESS SEGMENTS

The Statement of Financial Accounting Standards (SFAS) 131, "Disclosures about Segments of an Enterprise and Related Information" requires that companies disclose "operating segments" based on the way management disaggregates the company for making internal operating decisions. (see Notes 2 and 10).

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company implemented Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" in the first quarter of Fiscal 2002. This statement establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS 133 requires an entity to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and to measure those instruments at fair value. Under certain conditions, a derivative may be specifically designated as a fair value hedge or a cash flow hedge. The accounting for changes in the fair value of a derivative are recorded each period in current earnings or in other comprehensive income depending on the intended use of the derivative and the resulting designation. For the first quarter ended May 5, 2001, the Company recorded a loss on foreign currency forward contracts of $0.3 million in accumulated other comprehensive income.

In order to reduce exposure to foreign currency exchange rate fluctuations in connection with inventory purchase commitments, the Company enters into foreign currency forward exchange contracts for Italian Lira and Euro with a maximum hedging period of twelve months. At February 3, 2001 and May 5, 2001, the Company had approximately $31.3 million and $30.1 million, respectively, of such contracts outstanding. Forward exchange contracts have an average term of approximately three and one half months. The gain from spot rates at February 3, 2001 under these contracts was $1.3 million and the loss from spot rates at May 5, 2001 was $0.3 million. The Company monitors the credit quality of the major national and regional financial institutions with whom it enters into such contracts.

The Company estimates that the majority of net-hedging losses will be reclassified from accumulated other comprehensive income into earnings through higher cost of sales within the twelve months between May 6, 2001 and May 4, 2002.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 2
RESTRUCTURINGS

Nautica Footwear License Cancellation

The Company entered into an agreement with Nautica Apparel, Inc. to end its license to market footwear under the Nautica label, effective January 31, 2001. The Company will continue to sell Nautica - branded footwear for the first six months of Fiscal 2002 in order to fill existing customer orders and sell existing inventory.

In connection with the termination of the Nautica Footwear license agreement, the Company recorded a pretax charge to earnings of $4.4 million ($2.7 million net of tax) in the fourth quarter of Fiscal 2001. The charge includes contractual obligations to Nautica Apparel for the license cancellation and other costs, primarily severance. Included in the charge is a $1.0 million inventory write-down which is reflected in gross margin on the income statement. All of these costs are expected to be incurred during Fiscal 2002.

The Nautica footwear business contributed sales of approximately $4.2 million and $7.8 million and operating losses of ($0.3) million and ($0.4) million in the first quarter of Fiscal 2002 and 2001, respectively.

Volunteer Leather Divestiture

On May 22, 2000, the Company's board of directors approved a plan to sell its Volunteer Leather finishing business and liquidate its tanning business, to allow the Company to be more focused on the retailing and marketing of branded footwear.

Certain assets of the Volunteer Leather business were sold on June 19, 2000. The plan resulted in a pretax charge to earnings of $4.9 million ($3.0 million net of tax) in the second quarter of Fiscal 2001. Because Volunteer Leather constitutes the entire Leather segment of the Company's business, the charge to earnings is treated for financial reporting purposes as a provision for discontinued operations.

The provision for discontinued operations included $1.3 million for asset write-downs and $3.6 million for other costs, of which $1.7 million are expected to be incurred in the next twelve months. As of May 5, 2001, $1.2 million of such other costs had been incurred. Other costs include primarily employee severance and facility shutdown costs. The approximately $0.7 million of other costs expected to be incurred beyond twelve months are classified as long-term liabilities in the consolidated balance sheet. The Volunteer Leather business employed approximately 160 people.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 2
RESTRUCTURINGS, CONTINUED

The operating results of the leather segment are shown below:

IN THOUSANDS	PERIOD ENDED APRIL 29, 2000
Net sales	$ 4,986
Cost of sales and expenses	5,366
Pretax loss	(380)
Income tax benefit	(148)
NET LOSS	$ (232)

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 3
ACCOUNTS RECEIVABLE

IN THOUSANDS	MAY 5, 2001	FEBRUARY 3, 2001
Trade accounts receivable	$ 29,126	$ 23,146
Miscellaneous receivables	1,842	3,454
Total receivables	30,968	26,600
Allowance for bad debts	(1,417)	(1,303)
Other allowances	(2,764)	(2,597)
NET ACCOUNTS RECEIVABLE	$ 26,787	$ 22,700

The Company's footwear wholesaling business sells primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Credit risk is affected by conditions or occurrences within the economy and the retail industry. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. One customer accounted for 14% of the Company's trade receivables balance as of May 5, 2001 and no other customer accounted for more than 11% of the Company's trade receivables balance as of May 5, 2001.

NOTE 4
INVENTORIES

IN THOUSANDS	MAY 5, 2001	FEBRUARY 3, 2001
Raw materials	$ 1,326	$ 1,408
Work in process	537	609
Finished goods	30,947	34,551
Retail merchandise	114,150	97,668
TOTAL INVENTORIES	$146,960	$134,236

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 5
CURRENT ASSETS OF DISCONTINUED OPERATIONS

IN THOUSANDS	MAY 5, 2001	FEB. 3 2001
Accounts Receivable, net of allowance of $1 and $3, respectively	$187	$359
TOTAL CURRENT ASSETS OF DISCONTINUED OPERATIONS	$187	$359

NOTE 6
PLANT, EQUIPMENT AND CAPITAL LEASES, NET

IN THOUSANDS	MAY 5, 2001	FEBRUARY 3, 2001
Plant and equipment:		
Land	$ 301	$ 291
Buildings and building equipment	1,128	1,128
Machinery, furniture and fixtures	59,463	56,588
Construction in progress	6,204	9,589
Improvements to leased property	78,323	73,008
Capital leases:		
Buildings	20	20
Plant, equipment and capital leases, at cost	145,439	140,624
Accumulated depreciation and amortization:		
Plant and equipment	(55,403)	(52,870)
Capital leases	(8)	(7)
NET PLANT, EQUIPMENT AND CAPITAL LEASES	$ 90,028	$ 87,747

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 7
PROVISION FOR DISCONTINUED OPERATIONS AND RESTRUCTURING RESERVES

PROVISION FOR DISCONTINUED OPERATIONS

IN THOUSANDS	EMPLOYEE RELATED COSTS*	FACILITY SHUTDOWN COSTS	OTHER	TOTAL
Balance February 3, 2001	6,549	1,924	359	8,832
Charges and adjustments, net	(1,067)	(59)	(105)	(1,231)
Balance May 5, 2001	5,482	1,865	254	7,601
Current portion	2,718	1,218	87	4,023
TOTAL NONCURRENT PROVISION FOR DISCONTINUED OPERATIONS	$ 2,764	$ 647	$ 167	$ 3,578

* Includes $5.0 million of apparel union pension withdrawal liability.

RESTRUCTURING RESERVES

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER	TOTAL
Balance February 3, 2001	517	167	3,531	4,215
Charges and adjustments, net	(68)	(84)	(2,735)	(2,887)
Balance May 5, 2001	449	83	796	1,328
Current portion (included in accounts payable and accrued liabilities)	449	47	796	1,292
TOTAL NONCURRENT RESTRUCTURING RESERVES (INCLUDED IN OTHER LONG-TERM LIABILITIES)	$-0-	$ 36	$ -0-	$ 36

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 8
EARNINGS PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	FOR THE THREE MONTHS ENDED MAY 5, 2001 INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT	FOR THE THREE MONTHS ENDED APRIL 29, 2000 INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
Earnings before discontinued operations	$ 8,338			$ 6,193		
Less: Preferred stock dividends	(74)			(75)		
BASIC EPS						
Income available to common shareholders	8,264	21,846	$ .38	6,118	21,587	$ .28
EFFECT OF DILUTIVE SECURITIES						
Options		491			416	
5 1/2% convertible subordinated notes	970	4,918		947	4,918	
Employees' preferred stock(1)		69			72	
DILUTED EPS						
Income available to common shareholders plus assumed conversions	$ 9,234	27,324	$ .34	$ 7,065	26,993	$ .26

(1) The Company's Employees' Subordinated Convertible Preferred Stock is convertible one for one to the Company's common stock. Because there are no dividends paid on this stock, these shares are assumed to be converted.

The amount of the dividend on the convertible preferred stock per common share obtainable on conversion of the convertible preferred stock is higher than basic earnings per share for the period. Therefore, conversion of the convertible preferred stock is not reflected in diluted earnings per share, because it would have been antidilutive. The shares convertible to common stock for Series 1, 3 and 4 preferred stock would have been 30,675, 38,324 and 24,946 , respectively.

The weighted shares outstanding reflects the effect of the stock buy back program of up to 6.8 million shares announced by the Company in Fiscal 1999, 2000 and 2001. The Company has repurchased 6.4 million shares as of May 5, 2001.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 9
LEGAL PROCEEDINGS

New York State Environmental Proceedings

The Company is a defendant in a civil action filed by the State of New York against the City of Gloversville, New York, and 33 other private defendants. The action arose out of the alleged disposal of certain hazardous material directly or indirectly into a municipal landfill and seeks recovery under a federal environmental statute and certain common law theories for the costs of investigating and performing remedial actions and damage to natural resources. The environmental authorities have selected a plan of remediation for the site with a total estimated cost of approximately $12.0 million. The Company was allocated liability for a 1.31% share of the remediation cost in non-binding mediation with other defendants and the State of New York. The State has offered to release the Company from further liability related to the site in exchange for payment of its allocated share plus a small premium, totaling approximately $180,000, and the Company has accepted. Assuming the settlement is completed as proposed, the Company believes it has fully provided for its liability in connection with the site.

The Company has received notice from the New York State Department of Environmental Conservation (the "Department") that it deems remedial action to be necessary with respect to certain contaminants in the vicinity of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969, and that it considers the Company a potentially responsible party. In August 1997, the Department and the Company entered into a consent order whereby the Company assumed responsibility for conducting a remedial investigation and feasibility study ("RIFS") and implementing an interim remediation measure with regard to the site, without admitting liability or accepting responsibility for any future remediation of the site. In conjunction with the consent order, the Company entered into an agreement with the owner of the site providing for a release from liability for property damage and for necessary access to the site, for payments totaling $400,000. The Company estimates that the cost of conducting the RIFS and implementing the interim remedial measure will be in the range of $2.2 million to $2.6 million. The Company believes that it has adequately reserved for the costs of conducting the RIFS and implementing the interim remedial measure contemplated by the consent order, but there is no assurance that the consent order will ultimately resolve the matter. The Company has not ascertained what responsibility, if any, it has for any contamination in connection with the facility or what other parties may be liable in that connection and is unable to predict whether its liability, if any, beyond that voluntarily assumed by the consent order will have a material effect on its financial condition or results of operations.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 9
LEGAL PROCEEDINGS, CONTINUED

Whitehall Environmental Sampling

Pursuant to a work plan approved by the Michigan Department of Environmental Quality ("MDEQ") the Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's Volunteer Leather Company facility in Whitehall, Michigan. On June 29, 1999, the Company submitted a remedial action plan (the "Plan") for the site to MDEQ. The Plan proposed no direct remedial action with respect to soils at the site, which are in compliance with applicable regulatory standards, or lake sediments, which the Company believes do not pose a threat to human health or the environment and do not violate any applicable regulatory standard. The Plan included the filing of certain restrictive covenants encumbering the tannery property to prevent activities disturbing the lake sediments and uses of the property inconsistent with the applicable regulatory standards. The Company, with the approval of MDEQ, previously installed horizontal wells to capture groundwater from a portion of the site and treat it by air sparging. The Plan proposed continued operation of this system for an indefinite period and monitoring of groundwater samples to ensure that the system is functioning as intended. The Plan is subject to MDEQ approval. In December 1999, MDEQ responded to the Plan with a request for further information.

On June 30, 1999, the City of Whitehall filed an action against the Company in the circuit court for the City of Muskegon alleging that the Company's and its predecessors' past wastewater management practices have adversely affected the environment, and seeking injunctive relief under Parts 17 and 201 of the Michigan Natural Resources Environmental Protection Act ("MNREPA") to require the Company to correct the alleged pollution. Further, the City alleges violations of City ordinances prohibiting blight and litter, and that the Whitehall Volunteer Leather plant constitutes a public nuisance. The Company filed an answer denying the material allegations of the complaint and asserting affirmative defenses and counterclaims against the City. The Company also moved to join the State of Michigan as a party to the action, since it has primary responsibility for administration of the environmental statutes underlying most of the City's claims. The State moved to dismiss the Company's action against it and to intervene in the case on a limited basis, seeking declaratory and injunctive relief regarding the restrictive covenants on the property, the State's jurisdiction under MNREPA Part 201 and its right of access to the property. On May 5, 2000, the court dismissed the Company's action against the State; the cross actions between the City and the Company remain.

In connection with its decision during the second quarter of Fiscal 2001 to exit the leather business and to shut down the Whitehall facility, the Company formally proposed a compromise remediation plan (the "Compromise Proposal"), including limited sediment removal and additional upland remediation to bring the property into compliance with regulatory standards for non-industrial uses. The Company estimated that the Compromise Proposal would include incremental costs of approximately $2.2 million, which have been fully provided for.

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NOTE 9
LEGAL PROCEEDINGS, CONTINUED

If the Compromise Proposal is approved and the litigation's outcome does not require additional remediation of the site, the Company does not expect remediation to have a material impact on its financial condition or results of operations. However, there can be no assurance that the Compromise Proposal will be approved, and the Company is unable to predict whether any further remediation that may ultimately be required will have a material effect on its financial condition or results of operations.

Threatened Contribution Claim

The Company has been advised by the current owner of an adhesives manufacturing business formerly owned by the Company that the owner has been named a third-party defendant in a suit brought under CERCLA relating to an Alabama solvent recycling facility allegedly used by the business. According to the owner, it would in turn seek contribution from the Company against any portion of its liability arising out of the Company's operation of the business prior to its 1986 divestiture. The current owner has advised the Company that available information on volumes of contaminants at the site indicates that the entire share of liability related to the adhesives business is de minimis, not likely to exceed $50,000. Based on information concerning its relative contribution of wastes to the site the Company has agreed to accept approximately 40% of up to $50,000 in liability imposed on the adhesives business and the current owner and one other former owner have agreed to accept the balance of such liability up to $50,000. The Company does not expect this threatened claim to have a material adverse effect on its financial condition or results of operations.

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NOTE 10
BUSINESS SEGMENT INFORMATION

The Company currently operates four reportable business segments (not including corporate): Journeys, comprised of Journeys and Journeys Kidz retail footwear chains; Jarman, comprised primarily of the Jarman and Underground Station retail footwear chains; Johnston & Murphy, comprised of Johnston & Murphy retail stores, direct marketing and wholesale distribution; and Licensed Brands, comprised of Dockers and Nautica Footwear. The Company has ended the license agreement with Nautica Apparel, Inc. to market Nautica footwear effective January 31, 2001. All the Company's segments sell footwear products at either retail or wholesale. The Company also operated the Leather segment during part of Fiscal 2001. The Company sold certain assets of its Volunteer Leather business on June 19, 2000, and has discontinued all Leather segment operations.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments are based on the way management organizes the segments in order to make operating decisions and assess performance along types of products sold. Journeys and Jarman sells primarily branded products from other companies while Johnston & Murphy and Licensed Brands sells primarily the Company's owned and licensed brands.

Corporate assets include cash, deferred income taxes, prepaid pension cost and deferred note expense. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, interest expense, interest income, and other charges. Other includes severance and litigation.

THREE MONTHS ENDED MAY 5, 2001	JOURNEYS	JARMAN	JOHNSTON & MURPHY	LICENSED BRANDS	LEATHER	CORPORATE	CONSOLIDATED
Sales	$ 80,348	$25,071	$41,813	$ 25,690	$ -0-	$ -0-	$ 172,922
Intercompany sales	-0-	-0-	-0-	(1,004)	-0-	-0-	(1,004)
NET SALES TO EXTERNAL CUSTOMERS	80,348	25,071	41,813	24,686	-0-	-0-	171,918
Operating income (loss)	10,075	931	4,126	2,935	-0-	(3,182)	14,885
Interest expense	-0-	-0-	-0-	-0-	-0-	2,158	2,158
Interest income	-0-	-0-	-0-	-0-	-0-	623	623
EARNINGS BEFORE INCOME TAXES	10,075	931	4,126	2,935	-0-	(4,717)	13,350
Total assets	104,783	42,852	74,674	30,615	741	91,583	345,248
Depreciation	1,583	711	816	43	-0-	679	3,832
Capital expenditures	3,741	1,543	740	10	-0-	374	6,408

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NOTE 10
BUSINESS SEGMENT INFORMATION, CONTINUED

THREE MONTHS ENDED APRIL 29, 2000	JOURNEYS	JARMAN	JOHNSTON & MURPHY	LICENSED BRANDS	LEATHER	CORPORATE	CONSOLIDATED
Sales	$ 58,096	$21,020	$ 44,541	$ 24,028	$ -0-	$ -0-	$ 147,685
Intercompany sales	-0-	-0-	(73)	(968)	-0-	-0-	(1,041)
NET SALES TO EXTERNAL CUSTOMERS	58,096	21,020	44,468	23,060	-0-	-0-	146,644
Operating income (loss)	6,512	743	5,673	1,633	-0-	(2,519)	12,042
Interest expense	-0-	-0-	-0-	-0-	-0-	2,101	2,101
Interest income	-0-	-0-	-0-	-0-	-0-	419	419
Other	-0-	-0-	-0-	-0-	-0-	(170)	(170)
EARNINGS BEFORE INCOME TAXES	6,512	743	5,673	1,633	-0-	(4,371)	10,190
Total assets	75,680	29,880	64,636	26,449	9,393	96,354	302,392
Depreciation	1,095	469	692	31	110	642	3,039
Capital expenditures	4,130	2,493	1,598	17	-0-	712	8,950

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This discussion and the notes to the Consolidated Financial Statements include certain forward-looking statements. Actual results could differ materially from those reflected by the forward-looking statements in this discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include changes in consumer demand or tastes that affect sales at retail or wholesale, including demand changes related to actual or perceived economic disruptions or resulting from the failure correctly to anticipate consumer trends, changes in buying patterns by significant wholesale customers and risks associated with a softening economy, including erosion of revenues or margins caused by weakening consumer demand and deterioration in the collectibility of trade accounts receivable. These factors also include disruptions in product supply or distribution, including disruptions or price increases in the leather market related to foot and mouth or other cattle diseases, changes in business strategies by the Company's competitors, the Company's ability to open or convert, staff and support additional retail stores on schedule and at acceptable expense levels, failure of new retail ventures to meet expectations and the outcome of litigation and environmental matters and the adequacy of related reserves, including those discussed in Note 9 to the Consolidated Financial Statements. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies to address changing conditions.

SIGNIFICANT DEVELOPMENTS

Nautica Footwear License Cancellation

The Company entered into an agreement with Nautica Apparel, Inc. to end its license to market footwear under the Nautica label, effective January 31, 2001. The Company will continue to sell Nautica-branded footwear for the first six months of Fiscal 2002 in order to fill existing customer orders and sell existing inventory.

In connection with the termination of the Nautica Footwear license agreement, the Company recorded a pretax charge to earnings of $4.4 million ($2.7 million net of tax) in the fourth quarter of Fiscal 2001. The charge includes contractual obligations to Nautica Apparel for the license cancellation and other costs, primarily severance. Included in the charge is a $1.0 million inventory write-down which is reflected in gross margin on the income statement. All of these costs are expected to be incurred during Fiscal 2002.

Volunteer Leather Divestiture

On May 22, 2000, the Company's board of directors approved a plan to sell its Volunteer Leather finishing business and liquidate its tanning business, to allow the Company to be more focused on the retailing and marketing of branded footwear.

Certain assets of the Volunteer Leather business were sold on June 19, 2000. The plan resulted in a pretax charge to earnings of $4.9 million ($3.0 million net of tax) in the second quarter of Fiscal 2001. Because Volunteer Leather constitutes the entire Leather segment of the Company's business, the charge to earnings is treated for financial reporting purposes as a provision for discontinued operations.

The provision for discontinued operations included $1.3 million in asset write-downs and $3.6 million of other costs, of which $1.7 million are expected to be incurred in the next twelve months. As of May 5, 2001, $1.2 million of such other costs had been incurred. Other costs include primarily employee severance and facility shutdown costs. The approximately $0.7 million of other costs expected to be incurred beyond twelve months are classified as long-term liabilities in the consolidated balance sheet. The Volunteer Leather business employed approximately 160 people.

Share Repurchase Program

In total, the Company's board of directors has authorized the repurchase of 6.8 million shares of the Company's common stock since the third quarter of Fiscal 1999. The purchases may be made on the open market or in privately negotiated transactions. As of May 5, 2001, the Company had repurchased 6.4 million shares at a cost of $60.5 million pursuant to all authorizations. No shares were purchased during the first quarter of Fiscal 2002.

BUSINESS SEGMENTS

The Company currently operates four reportable business segments (not including corporate): Journeys, comprised of Journeys and Journeys Kidz retail footwear chains; Jarman, comprised primarily of the Jarman and Underground Station retail footwear chains; Johnston & Murphy, comprised of Johnston & Murphy retail stores, direct marketing and wholesale distribution; and Licensed Brands, comprised of Dockers and Nautica Footwear. The Company has ended the license agreement with Nautica Apparel, Inc. to market Nautica footwear effective January 31, 2001. The Company also operated the Leather segment during part of Fiscal 2001. The Company sold certain assets of its Volunteer Leather business on June 19, 2000 and has discontinued all Leather segment operations. See "Significant Developments."

RESULTS OF OPERATIONS - FIRST QUARTER FISCAL 2002 COMPARED TO FISCAL 2001

The Company's net sales in the first quarter ended May 5, 2001 increased 17.2% to $171.9 million from $146.6 million in the first quarter ended April 29, 2000. Gross margin increased 20.2% to $82.1 million in the first quarter this year from $68.3 million in the same period last year and increased as a percentage of net sales from 46.6% to 47.8%. Selling and administrative expenses in the first quarter this year increased 19.1% from the first quarter last year and increased as a percentage of net sales from 38.5% to 39.1%. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings before income taxes and discontinued operations ("pretax earnings") for the first quarter ended May 5, 2001 were $13.4 million compared to $10.2 million for the first quarter ended April 29, 2000.

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Net earnings for the first quarter ended May 5, 2001 were $8.3 million ($0.34 diluted earnings per share) compared to $6.0 million ($0.25 diluted earnings per share) for the first quarter ended April 29, 2000. Net earnings for the first quarter ended April 29, 2000 included a $0.2 million ($0.01 diluted earnings per share) loss (net of tax) related to the operations of the Company's Volunteer Leather business.

Journeys

	Three Months Ended		
	May 5, 2001	April 29, 2000	% Change
	(dollars in thousands)		
Net sales...........	$ 80,348	$ 58,096	38.3%
Operating income.....	$ 10,075	$ 6,512	54.7%
Operating margin.....	12.5%	11.2%	

Reflecting both a 29% increase in average Journeys stores operated (i.e., the sum of the number of stores open on the first day of the fiscal quarter and the last day of each fiscal month during the quarter divided by four) and an 11% increase in comparable store sales, net sales from Journeys increased 38.3% for the first quarter ended May 5, 2001 compared to the same period last year. The average price per pair of shoes decreased 8% in the first quarter of Fiscal 2002, primarily reflecting changes in product mix, while unit sales increased 47% during the same period. The store count for Journeys was 452 stores at the end of the first quarter of Fiscal 2002, including 5 Journeys Kidz stores, compared to 351 stores at the end of the first quarter last year.

Journeys operating income for the first quarter ended May 5, 2001 was up 54.7% to $10.1 million compared to $6.5 million for the first quarter ended April 29, 2000. The increase was due to increased sales and increased gross margin as a percentage of sales, primarily reflecting lower markdowns.

Jarman

	Three Months Ended		
	May 5, 2001	April 29, 2000	% Change
	(dollars in thousands)		
Net sales..........	$ 25,071	$ 21,020	19.3%
Operating income...	$ 931	$ 743	25.3%
Operating margin...	3.7%	3.5%	

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Primarily due to a 24% increase in average stores operated, net sales from the Jarman division (including Underground Station stores) increased 19.3% for the first quarter ended May 5, 2001 compared to the same period past year. The increase in sales was driven by Underground Station stores. The average price per pair of shoes decreased 5% in the first quarter of Fiscal 2002, primarily reflecting changes in product mix, while unit sales increased 20% during the same period. Jarman operated 213 stores at the end of the first quarter of Fiscal 2002, including 70 Underground Station stores. Going forward, the Company does not plan to open any new Jarman stores, and expects that all new store openings in this segment will be Underground Station stores, and that many of the existing Jarman stores will be converted to Underground Station stores. The Company operated 177 stores in the Jarman division at the end of the first quarter last year, including 25 Underground Station stores.

Jarman operating income for the first quarter ended May 5, 2001 was $0.9 million compared to $0.7 million for the first quarter ended April 29, 2000. The increase was due to increased sales and increased gross margin in dollars and as a percentage of sales, due primarily to lower markdowns and changes in product mix.

Johnston & Murphy

	Three Months Ended		
	May 5, 2001	April 29, 2000	% Change
	(dollars in thousands)		
Net sales...........	$ 41,813	$ 44,468	(6.0)%
Operating income.....	$ 4,126	$ 5,673	(27.3)%
Operating margin.....	9.9%	12.8%	

Johnston & Murphy net sales decreased 6.0% to $41.8 million for the first quarter ended May 5, 2001 from $44.5 million for the first quarter ended April 29, 2000, reflecting a 9% decrease in comparable store sales for Johnston & Murphy retail operations and a 14% decrease in Johnston & Murphy wholesale sales. Retail operations accounted for 65% of Johnston & Murphy segment sales in the first quarter this year, up from 62% in the first quarter last year. The store count for Johnston & Murphy retail operations at the end of the first quarter of Fiscal 2002 included 145 Johnston & Murphy stores and factory stores compared to 148 Johnston & Murphy stores and factory stores at the end of the first quarter of Fiscal 2001. The average price per pair of shoes for Johnston & Murphy retail was flat in the first quarter this year while unit sales decreased 6% during the same period. Unit sales for the Johnston & Murphy wholesale business decreased 12% in the first quarter of Fiscal 2002 and the average price per pair of shoes decreased 3% for the same period, reflecting increased promotional activities and mix changes.

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Johnston & Murphy operating income for the first quarter ended May 5, 2001 decreased 27.3% from $5.7 million for the first quarter ended April 29, 2000 to $4.1 million, primarily due to decreased sales and increased expenses as a percentage of sales.

Licensed Brands

	Three Months Ended		
	May 5, 2001	April 29, 2000	% Change
	(dollars in thousands)		
Net sales..........	$ 24,686	$ 23,060	7.1%
Operating income...	$ 2,935	$ 1,633	79.7%
Operating margin...	11.9%	7.1%	

Licensed Brands' net sales increased 7.1% to $24.7 million for the first quarter ended May 5, 2001 from $23.1 million for the first quarter ended April 29, 2000. The sales increase reflected a 34% increase in net sales of Dockers Footwear, offset by declining sales of Nautica Footwear. Unit sales for the Licensed Brands wholesale businesses increased 11% for the first quarter this year, while the average price per pair of shoes decreased 1% for the same period, reflecting increased promotional activities in the Nautica business and changes in product mix. Licensed Brands' operating income for the first quarter ended May 5, 2001 increased 79.7% from $1.6 million for the first quarter ended April 29, 2000 to $2.9 million, primarily due to increased sales and decreased expenses as a percentage of sales.

For additional information regarding the Company's decision to exit the Nautica Footwear business, see "Significant Developments - Nautica Footwear License Cancellation." Net sales for Nautica footwear were $4.2 million and $7.8 million for the first quarter of Fiscal 2002 and 2001, respectively, while operating losses were $0.3 million and $0.4 million for the first quarter of Fiscal 2002 and 2001, respectively.

Corporate and Interest Expenses

Corporate and other expenses for the first quarter ended May 5, 2001 were $3.2 million compared to $2.5 million for the first quarter ended April 29, 2000 (exclusive of other charges of $0.2 million, primarily litigation and severance charges, in the first quarter last year), an increase of 26.3%. The increase in corporate expenses in the first quarter this year is attributable primarily to costs associated with preparations to construct a new distribution center and increased professional fees.

Interest expense increased 2.7% from $2.1 million in the first quarter ended April 29, 2000 to $2.2 million for the first quarter ended May 5, 2001, primarily due to increased bank activity fees due to the increased number of individual bank accounts related to new store openings.

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Interest income increased 49% from $0.4 million in the first quarter last year to $0.6 million in the first quarter this year due to increases in average interest bearing short-term investments. There were no borrowings under the Company's revolving credit facility during the three months ended May 5, 2001 or April 29, 2000.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth certain financial data at the dates indicated.

	May 5, 2001	Apr. 29, 2000
	(dollars in millions)	
Cash and short-term investments	$ 34.1	$ 45.2
Working capital	$155.9	$138.0
Long-term debt (includes current maturities)	$103.5	$103.5
Current ratio	3.0x	2.9x

Working Capital

The Company's business is somewhat seasonal, with the Company's investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year. Cash flow from operations is generated principally in the fourth quarter of each fiscal year.

Cash used in operating activities was $24.5 million in the first three months of Fiscal 2002 compared to $3.0 million in the first three months of Fiscal 2001. The $21.5 million decrease in cash flow from operating activities reflects primarily a $12.7 million increase in inventory primarily due to increased new store openings and planned seasonal increases and to decreased accrued liabilities primarily due to payments of incentive compensation accruals and a $3.9 million increase in taxes paid.

The $12.7 million increase in inventories at May 5, 2001 from February 3, 2001 levels reflects increases in retail inventory to support the net increase of 31 stores in the first quarter this year, planned seasonal increases and an increase in Johnston & Murphy inventory due to decreased sales from plan for the first quarter this year.

Accounts receivable at May 5, 2001 increased $4.0 million compared to February 3, 2001 primarily due to increased wholesale sales and terms given due to promotional activities.

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Cash provided (or used) due to changes in accounts payable and accrued liabilities are as follows:

	Three Months Ended	
	May 5, 2001	Apr. 29, 2000
	(in thousands)	
Accounts payable	$ (2,230)	$ 1,639
Accrued liabilities	(18,138)	(5,955)
	$ (20,368)	$(4,316)

The fluctuations in accounts payable for the first quarter this year from the first quarter last year are due to changes in payment terms negotiated with individual vendors, inventory levels, payment timing and buying patterns. The change in accrued liabilities for the first quarter this year was due primarily to payment of incentive compensation accruals and income tax payments.

There were no revolving credit borrowings during the first three months ended May 5, 2001 and April 29, 2000, as cash generated from operations and cash on hand funded seasonal working capital requirements and capital expenditures.

Capital Expenditures

Total capital expenditures in Fiscal 2002 are expected to be approximately $54.0 million. These include expected retail expenditures of $28.5 million to open approximately 100 Journeys stores, 12 Journeys Kidz stores, 8 Johnston & Murphy stores and factory stores and 46 Underground Station stores and to complete 34 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes, are expected to be approximately $25.5 million, including approximately $1.9 million for new systems to improve customer service and support the Company's growth and $22.0 million to $24.0 million for a new distribution center.

Due to the Company's retail growth, the Company has begun preparations to construct a new distribution center, which it expects to be located in the Middle Tennessee area. The Company expects the Fiscal 2002 cost of the facility to be in the range of $22.0 million to $24.0 million. The Company's current bank agreement has been amended to permit the additional capital expenditure for the new distribution center.

ENVIRONMENTAL AND OTHER CONTINGENCIES

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 9 to the Company's Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including approximately $2.6 million reflected in Fiscal 2001 and $472,000 reflected in Fiscal 2000. The Company monitors these matters on an ongoing basis and at least quarterly management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management

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deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a reasonable estimate of the probable loss connected to the proceeding, or in cases in which no reasonable estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. Because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, however, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves may not be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

FUTURE CAPITAL NEEDS

The Company expects that cash on hand and cash provided by operations will be sufficient to fund all of its capital expenditures through Fiscal 2002, although the Company may borrow from time to time to support seasonal working capital requirements. The approximately $5.3 million of costs associated with the prior restructurings and discontinued operations that are expected to be incurred during the next twelve months are also expected to be funded from cash on hand. In February of 2000, the Company authorized the additional repurchase, from time to time, of up to 1.0 million shares of the Company's common stock. These purchases will be funded from available cash. The Company has repurchased a total of 6.4 million shares at a cost of $60.5 million from all authorizations for Fiscal 1999, Fiscal 2000 and Fiscal 2001.

There were $10.0 million of letters of credit outstanding under the revolving credit agreement at May 5, 2001, leaving availability under the revolving credit agreement of $55.0 million.

The Company's revolving credit agreement restricts the payment of dividends and other payments with respect to capital stock. At May 5, 2001, $43.6 million was available for such payments. The aggregate of annual dividend requirements on the Company's Subordinated Serial Preferred Stock, $2.30 Series 1, $4.75 Series 3 and $4.75 Series 4, and on its $1.50 Subordinated Cumulative Preferred Stock is $294,000.

FINANCIAL MARKET RISK

The following discusses the Company's exposure to financial market risk related to changes in interest rates and foreign currency exchange rates.

Outstanding Debt of the Company - The Company's outstanding long-term debt of $103.5 million 5 1/2% convertible subordinated notes due April 2005 bears interest at a fixed rate. Accordingly, there would be no immediate impact on the Company's interest expense due to fluctuations in market interest rates.

Cash and Short-Term Investments - The Company's cash and short-term investment balances are invested in financial instruments with original maturities of three months or less. The Company

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does not have significant exposure to changing interest rates on invested cash at May 5, 2001. As a result, the Company considers the interest rate market risk implicit in these investments at May 5, 2001, to be low.

Foreign Currency Exchange Rate Risk - Most purchases by the Company from foreign sources are denominated in U.S. dollars. To the extent that import transactions are denominated in other currencies, it is the Company's practice to hedge its risks through the purchase of forward foreign exchange contracts. At May 5, 2001, the Company had $30.1 million of foreign exchange contracts for Italian Lira and Euro. The Company's policy is not to speculate in derivative instruments for profit on the exchange rate price fluctuation and it does not hold any derivative instruments for trading purposes. Derivative instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract. The loss on contracts outstanding at May 5, 2001 was $0.3 million from current spot rates. As of May 5, 2001, a 10% adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts by approximately $2.7 million.

Summary - Based on the Company's overall market interest rate and foreign currency rate exposure at May 5, 2001, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates or fluctuations in foreign currency exchange rates on the Company's consolidated financial position, result of operations or cash flows for Fiscal 2002 would not be material.

CHANGES IN ACCOUNTING PRINCIPLES

The Company implemented Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" in the first quarter of Fiscal 2002. This statement establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS 133 requires an entity to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and to measure those instruments at fair value. Under certain conditions, a derivative may be specifically designated as a fair value hedge or a cash flow hedge. The accounting for changes in the fair value of a derivative are recorded each period in current earnings or in other comprehensive income depending on the intended use of the derivative and the resulting designation. For the first quarter ended May 5, 2001, the Company recorded a loss on foreign currency forward contracts of $0.3 million in accumulated other comprehensive income.

In July 2000, the Emerging Issues Task Force issued EITF: Issue 00-10, "Accounting for Shipping and Handling Fees and Costs." The new pronouncement requires shipping and handling billings to customers be recorded as revenue. Amounts for shipping and handling costs can no longer be netted with related shipping and handling billings. The Company has restated its financial statements for Fiscal 2001, 2000 and 1999 to reflect the change in accounting for shipping and handling fees and costs.

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OUTLOOK

This "Outlook" section in this Form 10-Q contains a number of forward-looking statements relating to sales, earnings per share, capital expenditures and store opening expectations for Fiscal 2002. These forward-looking statements are based on the Company's expectations as of June 19, 2001. All of the forward-looking statements are based on management's current expectations and are inherently uncertain. Actual results could differ materially from those reflected by the forward-looking statements in this discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include changes in consumer demand or tastes that affect sales at retail or wholesale, including demand changes related to actual or perceived economic disruptions or resulting from the failure correctly to anticipate consumer trends, changes in buying patterns by significant wholesale customers and risks associated with a softening economy, including erosion of revenues or margins caused by weakening consumer demand and deterioration in the collectibility of trade accounts receivable. These factors also include disruptions in product supply or distribution, including disruptions or price increases in the leather market related to foot and mouth or other cattle diseases, changes in business strategies by the Company's competitors, the Company's ability to open or convert, staff and support additional retail stores on schedule and at acceptable expense levels, failure of new retail ventures to meet expectations and the outcome of litigation and environmental matters and the adequacy of related reserves, including those discussed in Note 9 to the Consolidated Financial Statements. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies to address changing conditions.

The Company expects net sales growth in the range of 15-20% for Fiscal 2002, with an overall same store sales increase in the mid-single digit range.

In connection with the termination of the Nautica Footwear license agreement, the Company will fill customer orders and sell existing inventory for the first half of Fiscal 2002. The Company anticipates Nautica sales of between $6.0 and $7.0 million and operating losses in the range of $0.9 - $1.4 million in the first half of Fiscal 2002. The Company's expectations for Nautica are subject to uncertainties including the risk that existing orders may be cancelled or that existing inventory may not be sold or may require greater than planned markdowns.

The Company is comfortable that it can meet First Call earnings expectations of $1.74 per share for Fiscal 2002. It expects the earnings improvement from Fiscal 2001 to be primarily attributable to net sales growth and to selling, general and administrative expense leverage related to same store sales growth.

The Company expects capital expenditures for Fiscal 2002 to be approximately $54.0 million. The Company plans to open 100 Journeys stores, 12 Journeys Kidz stores, 46 Underground Station stores and 8 Johnston & Murphy stores and factory stores. The Company also plans to build a new distribution center with current year expenditures of approximately $22.0 - $24.0 million.

PART II - OTHER INFORMATION

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company incorporates by reference the information regarding market risk to appear under the heading "Financial Market Risk" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

(10)h. Seventh Amendment to Modified and Restated Loan Agreement dated as of April 30, 2001.

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REPORTS ON FORM 8-K

The Company filed a current report on Form 8-K on May 18, 2001 disclosing Regulation FD disclosures.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Genesco Inc.

/s/ James S. Gulmi

James S. Gulmi
Chief Financial Officer
June 19, 2001

EXHIBIT (10)H.

SEVENTH AMENDMENT TO MODIFIED AND RESTATED LOAN AGREEMENT

THIS SEVENTH AMENDMENT TO MODIFIED AND RESTATED LOAN AGREEMENT (the "Seventh Amendment") dated as of April 30, 2001, is to that Modified and Restated Loan Agreement dated as of September 24, 1997, as amended January 30, 1998, March 31, 1998, August 1, 1998, December 11, 1998, November 5, 1999 and October 4, 2000 (hereinafter, such Loan Agreement as amended hereby, and as further amended or modified from time to time, the "Loan Agreement"; all terms used but not otherwise defined herein shall have the meanings provided in the Loan Agreement), by and among GENESCO INC. (the "Borrower"), the banks and financial institutions on the signature pages hereto (the "Banks"), BANK ONE, NA (formerly known as The First National Bank of Chicago), as Co-Agent for the Banks (the "Co-Agent"), and BANK OF AMERICA, N.A. (formerly known as NationsBank, N.A.), as Agent for the Banks (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, the Borrower has requested certain modifications to the Loan Agreement; and

WHEREAS, the Banks have agreed to the requested modifications on the terms and conditions herein set forth;

NOW, THEREFORE, IN CONSIDERATION of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

A. The definition of "Capital Expenditures" in Section 1.1 of the Loan Agreement shall be amended in its entirety so that definition now reads as follows:

> "Capital Expenditures" for any period means the aggregate of all expenditures (including that portion of Capital Leases which is capitalized on the consolidated balance sheet of the Borrower and its Subsidiaries, but without duplication in the case of Capital Leases arising out of a sale-leaseback of property, plant or equipment previously acquired through Capital Expenditures by the Borrower or its Subsidiaries) by the Borrower and its Subsidiaries during that period that, in conformity with GAAP, have been or should have been included in the property, plant or equipment reflected in the consolidated balance sheet of the Borrower and its Subsidiaries, other than additions to property, plant or equipment arising out of the acquisition of the stock of any Person or of all or substantially all of the assets of any Person or of any division or business unit of any Person; provided, however, that such calculation shall exclude up to $30,000,000 of capital expenditures related to the construction of a new distribution center.

B. The Borrower hereby represents and warrants that:

(i) any and all representations and warranties made by the Borrower and contained in the Loan Agreement (other than those which expressly relate to a prior period) are true and correct in all material respects as of the date of this Seventh Amendment; and

(ii) No Default or Potential Default currently exists and is continuing under the Loan Agreement simultaneously with the execution of this Seventh Amendment.

C. The Borrower will execute such additional documents as are reasonably requested by the Agent to reflect the terms and conditions of this Seventh Amendment.

D. Except as modified hereby and except for necessary modifications to exhibits to bring such exhibits in conformity with the terms of this Seventh Amendment, all of the terms and provisions of the Loan Agreement (and Exhibits) remain in full force and effect.

E. The Borrower agrees to pay all reasonable costs and expenses in connection with the preparation, execution and delivery of this Seventh Amendment, including without limitation the reasonable fees and expenses of the Agent's legal counsel.

F. This Seventh Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this Seventh Amendment to produce or account for more than one such counterpart.

G. This Seventh Amendment and the Loan Agreement, as amended hereby, shall be deemed to be contracts made under, and for all purposes shall be construed in accordance with the laws of the State of Tennessee.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Seventh Amendment to be duly executed under seal and delivered as of the date and year first above written.

BORROWER:

GENESCO INC.,
a Tennessee corporation

By /s/ James S. Gulmi

Title Senior Vice President - Finance

BANKS:

BANK OF AMERICA, N.A.,
individually in its capacity as a Bank and in its capacity as Agent

By /s/ Timothy H. Spanos

Title Managing Director

BANK ONE, NA (Main Office - Chicago, formerly known as The First National Bank of Chicago), individually in its capacity as a Bank and in its capacity as a Co-Agent

By /s/ Catherine A. Muszynski

Title Vice President
