

(Mark One)

FORM 10-Q

Quarterly Report Pursuant To  
Section 13 or 15(d) of the  
Securities Exchange Act of 1934  
For Quarter Ended  
April 30, 1996

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

Securities and Exchanges 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  
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 has been subject to such filing requirements for the past 90 days.

Yes X No

--- ---

-----  
Common Shares Outstanding June 7, 1996 - 24,456,597

INDEX	
	PAGE
Part 1 - Financial Information	3
Consolidated Balance Sheet - April 30, 1996, January 31, 1996 and April 30, 1995	3
Consolidated Earnings - Three Months Ended April 30, 1996 and 1995	4
Consolidated Cash Flows - Three Months Ended April 30, 1996 and 1995	5
Consolidated Shareholders' Equity - Year Ended January 31, 1996 and Three Months Ended April 30, 1996	6
Notes to Consolidated Financial Statements	7
Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Part II - Other Information	22
Signature	23

## PART I - FINANCIAL INFORMATION

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Consolidated Balance Sheet  
In Thousands

	APRIL 30, 1996	JANUARY 31, 1996	APRIL 30, 1995
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and short-term investments	\$ 34,003	\$ 35,550	\$ 11,224
Accounts receivable	32,720	32,135	31,919
Inventories	86,619	84,930	86,219
Other current assets	3,788	4,317	4,020
Current assets of operations to be divested	-0-	-0-	46,392
<b>Total current assets</b>	<b>157,130</b>	<b>156,932</b>	<b>179,774</b>
Plant, equipment and capital leases, net	28,704	28,552	27,533
Other noncurrent assets	12,215	12,322	13,652
Noncurrent assets of operations to be divested	-0-	-0-	1,781
<b>TOTAL ASSETS</b>	<b>\$198,049</b>	<b>\$197,806</b>	<b>\$222,740</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Notes payable	\$ -0-	\$ -0-	\$ 1,743
Current payments on capital leases	1,091	1,212	2,211
Accounts payable and accrued liabilities	43,203	43,686	56,763
Provision for discontinued operations	3,699	3,899	11,499
<b>Total current liabilities</b>	<b>47,993</b>	<b>48,797</b>	<b>72,216</b>
Long-term debt	75,000	75,000	75,000
Capital leases	1,251	1,485	9,432
Other long-term liabilities	25,806	25,265	22,356
Provision for discontinued operations	12,932	13,354	15,013
Contingent liabilities	-	-	-
<b>SHAREHOLDERS' EQUITY</b>			
Non-redeemable preferred stock	7,958	7,958	7,944
Common shareholders' equity:			
Par value of issued shares	24,912	24,844	24,832
Additional paid-in capital	121,843	121,715	121,677
Accumulated deficit	(93,545)	(94,511)	(105,260)
Minimum pension liability adjustment	(8,244)	(8,244)	(2,613)
Treasury shares, at cost	(17,857)	(17,857)	(17,857)
<b>Total shareholders' equity</b>	<b>35,067</b>	<b>33,905</b>	<b>28,723</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$198,049</b>	<b>\$197,806</b>	<b>\$222,740</b>

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

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Consolidated Earnings  
Three Months Ended April 30  
In Thousands

	1996	1995
Net sales	\$ 100,219	\$ 93,225
Cost of sales	59,631	57,688
Selling and administrative expenses	37,806	36,366
Restructuring and other charges	-0-	14,113
Earnings (loss) from operations before other income and expenses	2,782	(14,942)
Other expenses (income):		
Interest expense	2,632	2,313
Interest income	(430)	(85)
Other expense (income)	79	(3,848)
Total other (income) expenses, net	2,281	(1,620)
Earnings (loss) before income taxes and discontinued operations	501	(13,322)
Income taxes (benefit)	(465)	9
Earnings (loss) before discontinued operations	966	(13,331)
Discontinued operations:		
Operating loss	-0-	-0-
Excess provision for future losses	-0-	12,653
NET EARNINGS (LOSS)	\$ 966	\$ (678)
Earnings (loss) per common share:		
Before discontinued operations	\$ .04	\$ (.55)
Discontinued operations	\$ .00	\$ .52
Net earnings (loss)	\$ .04	\$ (.03)

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

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Three Months Ended April 30  
Consolidated Cash Flows  
In Thousands

	1996	1995
<b>OPERATIONS:</b>		
Net earnings (loss)	\$ 966	\$ (678)
Noncash charges to earnings:		
Excess provision for future losses	-0-	(12,653)
Restructuring charge	-0-	14,113
Depreciation and amortization	1,848	1,836
Provision for losses on accounts receivable	994	531
Other	269	178
Net cash provided by operations before working capital and other changes	4,077	3,327
Effect on cash of changes in working capital and other assets and liabilities net of effect of business acquisitions:		
Accounts receivable	(1,579)	1,637
Inventories	(1,689)	3,500
Other current assets	529	320
Accounts payable and accrued liabilities	(1,038)	(6,069)
Other assets and liabilities	475	(2,729)
Net cash provided by (used in) operations	775	(14)
<b>INVESTING ACTIVITIES:</b>		
Capital expenditures	(2,184)	(1,085)
Proceeds from businesses divested and asset sales	32	1,103
Net cash provided by (used in) investing activities	(2,152)	18
<b>FINANCING ACTIVITIES:</b>		
Net change in short-term borrowings	-0-	1,743
Payments on capital leases	(355)	(758)
Exercise of options and warrants	189	-0-
Deferred note expense	(4)	-0-
Net cash provided by (used in) financing activities	(170)	985
<b>NET CASH FLOW</b>	<b>(1,547)</b>	<b>989</b>
Cash and short-term investments at beginning of year	35,550	10,235
<b>CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR</b>	<b>\$ 34,003</b>	<b>\$ 11,224</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Net cash paid (received) for:		
Interest	\$ 4,206	\$ 4,296
Income taxes	(479)	(22)

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

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

	TOTAL NON-REDEEMABLE PREFERRED STOCK	COMMON STOCK	PAID-IN CAPITAL	ACCUMULATED DEFICIT	TREASURY STOCK	MINIMUM PENSION LIABILITY ADJUSTMENT	TOTAL SHARE- HOLDERS' EQUITY
Balance January 31, 1995	\$ 7,943	\$ 24,832	\$ 121,670	\$ (104,582)	\$ (17,857)	\$ (2,613)	\$ 29,393
Exercise of options	-0-	8	15	-0-	-0-	-0-	23
Net earnings	-0-	-0-	-0-	10,071	-0-	-0-	10,071
Minimum pension liability adjustment	-0-	-0-	-0-	-0-	-0-	(5,631)	(5,631)
Other	15	4	30	-0-	-0-	-0-	49
Balance January 31, 1996	\$ 7,958	\$ 24,844	\$ 121,715	\$ (94,511)	\$ (17,857)	\$ (8,244)	\$ 33,905
Net earnings	-0-	-0-	-0-	966	-0-	-0-	966
Exercise of options	-0-	68	121	-0-	-0-	-0-	189
Other	-0-	-0-	7	-0-	-0-	-0-	7
BALANCE APRIL 30, 1996	\$ 7,958	\$ 24,912	\$ 121,843	\$ (93,545)	\$ (17,857)	\$ (8,244)	\$ 35,067

The accompanying Notes are an integral part of these 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 January 31, 1997 ("Fiscal 1997") and of the fiscal year ended January 31, 1996 ("Fiscal 1996"). 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.

BASIS OF CONSOLIDATION

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.

NATURE OF OPERATIONS

The Company's businesses include the manufacture or sourcing, marketing and distribution of footwear under the Johnston & Murphy, Laredo, Code West, Larry Mahan, Dockers and Nautica brands, the tanning and distribution of leather by the Volunteer Leather division and the operation of Jarman, Journeys, Johnston & Murphy, Boot Factory and Factory To You retail footwear stores.

CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments at January 31, 1996 and April 30, 1996, are short-term investments of \$32,000,000 and \$31,000,000, respectively. Short-term investments are highly-liquid debt instruments having an original maturity of three months or less.

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 is computed principally by the straight-line method.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

NOTE 1  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Company implemented Statement of Financial Accounting Standards (SFAS) 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" in the third quarter of Fiscal 1996. This statement establishes accounting standards for determining impairment of long-lived 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. During the third quarter of Fiscal 1996, the Company identified certain retail stores that were impaired because of a history of and current period cash flow losses in these specific stores. An impairment loss of \$978,000 was recognized for these retail stores.

HEDGING CONTRACTS

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. At January 31, 1996 and April 30, 1996, the Company had approximately \$4.9 million and \$8.7 million, respectively, of such contracts outstanding. Forward exchange contracts have an average term of approximately five months. Gains and losses arising from these contracts offset gains and losses from the underlying hedged transactions. The Company monitors the credit quality of the major national and regional financial institutions with whom it enters into such contracts.

POSTRETIREMENT BENEFITS

Substantially all full-time employees are covered by a defined benefit pension plan. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

In accordance with SFAS 106, postretirement benefits such as life insurance and health care are accrued over the period the employee provides services to the Company.

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.

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 of taxes recoverable from taxes paid in the current or prior years.



GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

## NOTE 2

## ACCOUNTS RECEIVABLE

IN THOUSANDS	APRIL 30, 1996	JANUARY 31, 1996
Trade accounts receivable	\$35,277	\$33,068
Miscellaneous receivables	3,475	3,263
<hr style="border-top: 1px dashed black;"/>		
Total receivables	38,752	36,331
Allowance for bad debts	(3,582)	(2,065)
Other allowances	(2,450)	(2,131)
<hr style="border-top: 1px dashed black;"/>		
NET ACCOUNTS RECEIVABLE	\$32,720	\$32,135
<hr style="border-top: 3px double black;"/>		

## NOTE 3

## INVENTORIES

IN THOUSANDS	APRIL 30, 1996	JANUARY 31, 1996
Raw materials	\$ 7,640	\$ 9,229
Work in process	3,425	3,792
Finished goods	23,582	22,935
Retail merchandise	51,972	48,974
<hr style="border-top: 1px dashed black;"/>		
TOTAL INVENTORIES	\$86,619	\$84,930
<hr style="border-top: 3px double black;"/>		

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

## NOTE 4

## PLANT, EQUIPMENT AND CAPITAL LEASES, NET

IN THOUSANDS	APRIL 30, 1996	JANUARY 31, 1996
-----		
Plant and equipment:		
Land	\$ 110	\$ 75
Buildings and building equipment	2,517	2,799
Machinery, furniture and fixtures	33,520	32,927
Construction in progress	1,873	1,114
Improvements to leased property	38,577	39,195
Capital leases:		
Land	60	60
Buildings	2,195	2,195
Machinery, furniture and fixtures	7,376	7,392
-----		
Plant, equipment and capital leases, at cost	86,228	85,757
Accumulated depreciation and amortization:		
Plant and equipment	(50,430)	(50,355)
Capital leases	(7,094)	(6,850)
-----		
NET PLANT, EQUIPMENT AND CAPITAL LEASES	\$ 28,704	\$ 28,552
=====		

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

NOTE 5  
PROVISION FOR DISCONTINUED OPERATIONS AND RESTRUCTURING RESERVES

PROVISION FOR DISCONTINUED OPERATIONS

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER CONTRACT LIABILITIES	OTHER	TOTAL
Balance January 31, 1996	\$15,222	\$ 10	\$ 45	\$ 1,976	\$17,253
Charges and adjustments, net	(546)	25	-0-	(101)	(622)
Balance April 30, 1996	14,676	35	45	1,875	16,631
Current portion	1,759	35	45	1,860	3,699
TOTAL NONCURRENT PROVISION FOR DISCONTINUED OPERATIONS	\$12,917	\$ -0-	\$ -0-	\$ 15	\$12,932

RESTRUCTURING RESERVES

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER CONTRACT LIABILITIES	OTHER	TOTAL
Balance January 31, 1996	\$ 956	\$ 1,666	\$ 59	\$ 323	\$ 3,004
Charges and adjustments, net	(273)	(133)	(9)	(39)	(454)
Balance April 30, 1996	683	1,533	50	284	2,550
Current portion (included in accounts payable and accrued liabilities)	683	1,386	50	284	2,403
TOTAL NONCURRENT RESTRUCTURING RESERVES (INCLUDED IN OTHER LONG-TERM LIABILITIES)	\$ -0-	\$ 147	\$ -0-	\$ -0-	\$ 147

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

NOTE 6  
LEGAL PROCEEDINGS

Tennessee Environmental Proceedings

The Company is subject to several administrative orders issued by the Tennessee Department of Environment and Conservation directing the Company to implement plans designed to remedy possible ground water contamination and to manage source area material which was generated by a divested operating division and which was deposited on a site in a rural area near Nashville, Tennessee. Substantially all source material and ground water remedial actions have been implemented. The Company believes that it has fully provided for the costs to be incurred with respect to these remedial actions.

New York State Environmental Proceedings

The Company is a defendant in two separate civil actions filed by the State of New York; one against the City of Gloversville, New York, and 33 other private defendants and the other against the City of Johnstown, New York, and 14 other private defendants. In addition, third party complaints and cross claims have been filed against numerous other entities, including the Company, in both actions. These actions arise out of the alleged disposal of certain hazardous material directly or indirectly in municipal landfills. The complaints in both cases allege the defendants, together with other contributors to the municipal landfills, are liable under a federal environmental statute and certain common law theories for the costs of investigating and performing remedial actions required to be taken with respect to the landfills and damages to the natural resources.

The environmental authorities have issued decisions selecting plans of remediation with respect to the Johnstown and Gloversville sites which have total estimated costs of \$16.5 million and \$28.3 million, respectively.

The Company has filed answers to the complaints in both the Johnstown and Gloversville cases denying liability and asserting numerous defenses. Because of uncertainties related to the ability or willingness of the other defendants, including the municipalities involved, to pay a portion of future remediation costs, the availability of State funding to pay a portion of future remediation costs, the insurance coverage available to the various defendants, the applicability of joint and several liability and the basis for contribution claims among the defendants, management is presently unable to predict the outcome or to estimate the extent of liability the Company may incur with respect to either of the Johnstown or Gloversville actions.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

NOTE 6  
LEGAL PROCEEDINGS, CONTINUED

In November 1995 the Company responded to a request for information dated October 23, 1995 from the New York State Department of Environmental Conservation (the "Department") regarding the site of a knitting mill operated by the Company or a former subsidiary from 1965 to 1969. The Company has received notice from the Department that it deems remedial action to be necessary with respect to certain contaminants in the vicinity of the facility. The owner of the site has advised the Company that it intends to hold the Company responsible for any required remediation or other damages incident to the contamination. The Company has not ascertained what responsibility, if any, it has for any contamination in connection with the facility and is unable to predict whether its liability in this connection, if any, will have a material effect on its financial condition or results of operations.

Whitehall Environmental Sampling

The Michigan Department of Environmental Quality ("MDEQ") 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. MDEQ advised the Company that it would review the results of the analysis for possible referral to the EPA for action under the Comprehensive Environmental Response Compensation and Liability Act. However, the Company is cooperating with MDEQ and has been advised by MDEQ that no EPA referral is presently contemplated. Neither MDEQ nor the EPA has threatened or commenced any enforcement action. In response to the testing data, the Company submitted and MDEQ approved a work plan, pursuant to which a hydro geological study was completed and submitted to MDEQ in March 1996. Additional studies regarding wastes on-site, groundwater and adjoining lake sediments are planned to serve as a basis for the Company's remedial action plan for the site. The Company is presently unable to determine whether the implementation of the plan will have a material effect on its financial condition or results of operations.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Notes to Consolidated Financial Statements

NOTE 6  
LEGAL PROCEEDINGS, CONTINUED

Preferred Shareholder Action

On January 7, 1993, 23 former holders of the Company's series 2, 3 and 4 subordinated serial preferred stock filed a civil action against the Company and certain officers in the United States District Court for the Southern District of New York (the "U.S. District Court Action"). The plaintiffs allege that the defendants misrepresented and failed to disclose material facts to representatives of the plaintiffs in connection with exchange offers which were made by the Company to the plaintiffs and other holders of the Company's series 1, 2, 3 and 4 subordinated serial preferred stock from June 23, 1988 to August 1, 1988. The plaintiffs contend that had they been aware of the misrepresentations and omissions, they would not have agreed to exchange their shares pursuant to the exchange offers. The plaintiffs allege breach of fiduciary duty and fraudulent and negligent misrepresentations and seek damages in excess of \$10 million, costs, attorneys' fees, interest and punitive damages in an unspecified amount. By order dated December 2, 1993, the U.S. District Court denied a motion for judgement on the pleadings filed on behalf of all defendants. On July 6, 1994, the court denied a motion for partial summary judgement filed on behalf of the plaintiffs. The Company and the individual defendants intend to defend the U.S. District Court Action vigorously. The Company is unable to predict if the U.S. District Court Action will have a material adverse effect on the Company's results of operations or financial condition.

Texas Interference Action

On October 6, 1995, a prior holder of a license to manufacture and market western boots and other products under a trademark now licensed to the Company filed an action in the District Court of Dallas County, Texas against the Company and a contract manufacturer alleging tortious interference with a business relationship, breach of contract, tortious interference with a contract, breach of a confidential relationship and civil conspiracy based on the Company's entry into the license. The Company filed an answer denying all the material allegations of the plaintiff's complaint. The Company is unable to predict whether the outcome of the litigation will have a material effect on its financial condition or results of operations.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations

The following discussion includes certain forward-looking statements. Actual results could differ materially from those reflected by the forward-looking statements in the discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include softness in the general retail environment, the timing and acceptance of products being introduced to the market, international trade developments affecting Chinese and other foreign sourcing of products, as discussed in greater detail below, the outcome of various litigation and environmental contingencies, including those discussed in Item 1, Legal Proceedings, in Part II - Other Information and in Note 6 to the Consolidated Financial Statements, the solvency of the retail customers of the Company, the level of margins achievable in the marketplace and the ability to minimize operating expenses. They also include possible continued weakening of the western boot market, which has experienced a somewhat prolonged down cycle. Many western boot retailers are thinly capitalized. Continued weakness in demand for western boots could result in the failure of those retailers and, consequently, the erosion of the Company's customer base. Although the Company believes it has the business strategy and resources needed for improved operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies during Fiscal 1997.

#### SIGNIFICANT DEVELOPMENTS

##### Revolving Credit Agreement

On January 5, 1996, the Company entered into a revolving credit agreement with two banks providing for loans or letters of credit of up to \$35 million. The agreement expires January 5, 1999. This agreement replaced a \$50 million revolving credit agreement providing for loans or letters of credit. See "Liquidity and Capital Resources."

##### International Trade Developments

Manufacturers in China have become major suppliers to Genesco and other footwear companies in the United States. In Fiscal 1997 the Company expects to import approximately 18% of purchases from China. In addition to the products the Company imports, many of the Company's suppliers import a significant amount of their products from China. The United States has threatened trade sanctions of up to \$2 billion if China does not do more to stop piracy and other intellectual property violations. In addition, annual renewal of China's most-favored-nation trading status is also under review by the United States. The President of the United States has recommended the continuation of China's most-favored-nation's status for bilateral trade purposes. Failure of Congress to follow the President's recommendation to continue to grant most-favored-nation's treatment to China would raise duties and significantly increase the cost of footwear and other products imported from China into the United States. It could also materially affect the Company's ability to source those products from other countries, because the Company would have to compete with other footwear companies, some of whom buy substantially greater quantities and have substantially greater resources, for productive capacity in other low-labor cost countries. While the Company's divisions are developing contingency plans in case of negative developments in Chinese sourcing, there can be no assurance that such developments would not have a material adverse effect on the Company's business.

GENESCO INC.  
 AND CONSOLIDATED SUBSIDIARIES  
 Management's Discussion and Analysis  
 of Financial Condition and Results of Operations

Fiscal 1995 Restructuring Substantially Completed

In response to worsening trends in the Company's men's apparel business and in response to a strategic review of its footwear operations, the Company's board of directors, on November 3, 1994, approved a plan (the "1995 Restructuring") designed to focus the Company on its core footwear businesses by selling or liquidating four businesses, two of which constituted its entire men's apparel segment.

The 1995 Restructuring provided for the following:

1995 Restructuring Charge

- Liquidation of the University Brands children's shoe business,
- Sale of the Mitre Sports soccer business, and
- Facility consolidation costs and permanent work force reductions.

1995 Restructuring Provision

- Liquidation of The Greif Companies men's tailored clothing business, and
- Sale of the GCO Apparel Corporation tailored clothing manufacturing business.

The transactions provided for in the 1995 Restructuring were substantially complete as of January 31, 1996 and the Company does not expect any material future adjustments arising from the completion of the 1995 Restructuring. The divestiture of the University Brands business was completed in February 1995. The operations of The Greif Companies have ceased, its inventories and equipment have been liquidated and its last major remaining long-term lease liability was resolved in June 1995. The Company's GCO Apparel Corporation was sold in June 1995. The Company's Mitre Sports soccer business was sold in August 1995.

RESULTS OF OPERATIONS - FIRST QUARTER FISCAL 1997 COMPARED TO FISCAL 1996

The Company's net sales from ongoing operations in the first quarter ended April 30, 1996, which included an additional week versus a year ago, increased 21.1% from the previous year. The Company's total net sales (including both ongoing operations and, for the first quarter ended April 30, 1995, \$10,447,000 of sales from the operations divested as part of the 1995 Restructuring) increased 7.5%. Total gross margin for the quarter increased 14.2% and increased as a percentage of net sales from 38.1% to 40.5%. Selling and administrative expenses increased 4.0% but decreased as a percentage of net sales from 39.0% to 37.7%. Pretax earnings in the first quarter ended April 30, 1996 were \$501,000, compared to a pretax loss of \$13,322,000 for the quarter ended April 30, 1995. The pretax loss for the first quarter ended April 30, 1995 includes a \$14.1 million increase in the 1995 Restructuring Charge and recognition of a \$1.8 million gain discussed below. The Company reported net earnings of \$966,000 (\$0.04 per share) for the first quarter ended April 30, 1996 compared to a net loss of \$678,000 (\$0.03 per share) in the first quarter ended April 30, 1995. The first quarter ended April 30, 1996 net earnings include a tax credit of \$465,000. The first quarter ended April 30, 1995 net loss includes, in addition to the 1995 Restructuring Charge adjustment, a positive adjustment of \$12.7 million to the 1995 Restructuring Provision.



GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations

## Footwear Retail

	Three Months Ended April 30,		% Change
	1996	1995	
	----- (In Thousands) -----		-----
Net Sales .....	\$ 59,035	\$ 47,758	23.6%
Operating Income .....	\$ 3,184	\$ 1,221	160.8%
Operating Margin .....	5.4%	2.6%	

Primarily due to an increase in comparable store sales of approximately 13% and seven additional selling days in the first quarter, net sales from footwear retail operations increased 23.6% in the quarter ended April 30, 1996 compared to the previous year despite the operation of 3% fewer stores in the first quarter ended April 30, 1996. The average price per pair increased 7% and unit sales increased 16% for the first quarter.

Gross margin as a percentage of net sales decreased from 50.0% to 49.7%, primarily from price pressures on branded products and changes in product mix to more branded products as well as increased markdowns to stimulate sales in the Company's boot outlets. Operating expenses increased 13.9%, primarily due to increased selling salaries, advertising and rent expense, but decreased as a percentage of net sales from 47.8% to 44.1%.

Operating income in the first quarter ended April 30, 1996 was up 160.8% compared to the same period last year due to increased sales (including the additional week) and the lower expenses as a percent of sales.

## Footwear Wholesale &amp; Manufacturing

	Three Months Ended April 30,		% Change
	1996	1995	
	----- (In Thousands) -----		-----
Net Sales .....	\$41,184	\$ 45,467	(9.4)%
Net Sales - Ongoing .....	\$41,184	\$ 35,116	17.3%
Operating Income before Restructuring and Other Charges ...	\$ 1,492	\$ 3,797	(60.7)%
Restructuring and Other Charges .....	\$ -0-	\$ 14,113	(100.0)%
Operating Income (Loss) .....	\$ 1,492	\$(10,316)	NA
Operating Margin	3.6%	(22.7)%	

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations

Net sales from footwear wholesale and manufacturing operations were \$4.3 million (9.4%) lower in the first quarter ended April 30, 1996 than in the same period last year, reflecting primarily the absence of sales in the first quarter ended April 30, 1996 from the operations divested as part of the 1995 Restructuring. Sales from ongoing operations were up 17.3%, reflecting primarily increased men's branded footwear and tanned leather sales, which more than offset the continuing trend of decreased sales of western boots, primarily attributable to lower unit sales.

Gross margin in the first quarter ended April 30, 1996 decreased 3.4% compared to the same period last year, while gross margin as a percentage of net sales increased from 25.7% to 27.4%, primarily from changes in sales mix and the absence of the lower gross margins of the divested operations.

Operating expenses decreased 14.9% and decreased as a percentage of net sales from 25.3% to 23.8%, reflecting primarily the absence of the expenses attributable to the operations divested in the 1995 Restructuring.

Ongoing operations expenses increased as a percentage of sales from 20.1% to 23.8%, primarily due to higher advertising expenses including advertising associated with the introduction of the Larry Mahan boot brand and higher bad debt expense reflecting continuing credit problems in the western boot market.

Included in the operating income before restructuring and other charges for the three months ended April 30, 1995 is a one-time gain of \$1.8 million from the favorable resolution of a claim relating to import duties. The decrease in operating income before restructuring and other charges and the import duty claim is due primarily to lower earnings in the Company's boot business reflecting higher bad debt expense and higher than normal returns related to the continued weakness of the western boot market and costs associated with the introduction of the Larry Mahan brand.

#### Corporate and Interest Expenses

Corporate and other expenses in the first three months ended April 30, 1996 were flat compared to the previous year.

Interest expense increased \$319,000, or 14%, from last year due to interest expense incurred for the union pension liability as a result of the 1995 Restructuring Provision, while interest income increased \$345,000 from last year due to increased short-term investments related to the cash generated from the 1995 Restructuring. There were no borrowings under the Company's revolving credit facility during the three months ended April 30, 1996 or April 30, 1995.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations

#### Other Income

Operating results of businesses to be divested pursuant to the 1995 Restructuring are included in the Company's sales, gross margin and selling and administrative expenses for the three months ended April 30, 1995. The net operating losses incurred by these operations subsequent to the decision to divest are charged against the restructuring reserves established to provide for such losses. The elimination of these losses from the Company's results of operations for the three months ended April 30, 1995 is presented as other income in the Consolidated Earnings Statement. Such operating losses totalled \$2.0 million for the three months ended April 30, 1995. Also included in other income for the three months ended April 30, 1995 is a \$1.8 million gain from the favorable resolution of a claim relating to import duties.

#### LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth certain financial data at the dates indicated. All dollar amounts are in millions.

	April 30,	
	1996	1995
Cash and short-term investments .....	\$ 34.0	\$ 11.2
Working capital .....	\$109.1	\$107.6
Long-term debt (includes current maturities) .....	\$ 75.0	\$ 75.0
Current ratio .....	3.3x	2.5x

#### 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 ordinarily generated principally in the fourth quarter of each fiscal year.

Cash provided by operating activities was \$775,000 in the first three months of Fiscal 1997 compared to \$14,000 used in operating activities last year. The \$789,000 improvement in cash flow from operating activities between the first quarter of Fiscal 1997 and the first quarter of Fiscal 1996 reflects primarily the increase in net earnings for the first quarter.

A \$1.7 million increase in inventories from January 31, 1996 levels reflected in the Consolidated Cash Flows Statement reflects the buildup of inventory associated with the introduction of the Larry Mahan brand and planned seasonal increases. The \$400,000 increase in inventories compared with April 30, 1995 reflects the introduction of the Larry Mahan brand.

As reflected in the Consolidated Cash Flows Statement, accounts receivable at April 30, 1996 increased \$1.6 million compared to January 31, 1996 and accounts receivable at April 30, 1996 were \$801,000 greater than at April 30, 1995, primarily due to increased sales of men's branded footwear and tanned leather.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations

Cash provided (or used) due to changes in accounts payable and accrued liabilities in the Consolidated Cash Flows Statement at April 30, 1996 and 1995 is as follows:

(In Thousands)	Three Months Ended April 30,	
	1996	1995
Accounts payable .....	\$ 5,371	\$ 3,693
Accrued liabilities .....	(6,409)	(9,762)
	\$(1,038)	\$(6,069)
	=====	=====

The fluctuations in accounts payable are due to changes in buying patterns, payment terms negotiated with individual vendors and changes in inventory levels.

The change in accrued liabilities was due primarily to payment of bonuses and to payment of severance costs and liabilities related to the Restructurings.

There were no revolving credit borrowings during the three months ended April 30, 1996, as cash generated from operations and cash on hand funded capital expenditures. There were no revolving credit borrowings during the three months ended April 30, 1995, as cash generated from the 1995 Restructuring more than offset seasonal working capital increases in the remaining operations.

#### Capital Expenditures

Total capital expenditures in Fiscal 1997 are expected to be approximately \$13.4 million. These include expected retail expenditures of \$8.6 million to open approximately 50 new retail stores and to complete 41 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes are expected to be approximately \$4.8 million.

#### 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 1997. The approximately \$6.1 million of costs associated with the 1994 Restructuring and the 1995 Restructuring that are expected to be incurred during the next twelve months are also expected to be funded from cash on hand and from cash generated from operations.

There were \$9.0 million of letters of credit outstanding under the revolving credit agreement at April 30, 1996.

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations

The restricted payments covenant contained in the indenture under which the Company's 10 3/8% senior notes were issued prohibits the Company from declaring dividends on the Company's capital stock, except from a pool of available net earnings and the proceeds of stock sales. At April 30, 1996, that pool was in a \$108.4 million deficit position. 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 \$302,000. The Company currently has dividend arrearages in the amount of \$754,658 and is unable to predict when dividends may be reinstated.

## PART II - OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

On May 28, 1996, the Company and certain other industrial users of the wastewater treatment system in Muskegon County, Michigan, filed a motion to intervene in litigation pending in the Circuit Court for the County of Muskegon between the City of Whitehall and Muskegon County. The City originally brought suit against the County challenging a temporary transfer to a unit of local government for use by an area landfill of a contract-based wastewater capacity allocation by the Company's Whitehall Leather operation. The City alleged that the transfer was improper and should be voided. The City amended its complaint to address certain broader issues of wastewater capacity allocation in the treatment system, whereupon the industrial users, including the Company, sought to intervene. While management believes that the litigation involves issues of significance to the operations of its Whitehall Leather facility, it does not presently expect that the outcome of the litigation will have a material effect on the Company's financial condition or results of operations.

See Note 6 to the Consolidated Financial Statements for discussion of other legal proceedings to which the Company is a party.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

At April 30, 1996 Genesco was in arrears with respect to dividends payable on the following classes of preferred stock:

CLASS OF STOCK	DATE DIVIDENDS PAID TO	ARREARAGE		
		BEGINNING OF QUARTER	THIS QUARTER	END OF QUARTER
\$2.30 Series 1	October 31, 1993	\$192,738	\$21,409	\$214,147
\$4.75 Series 3	October 31, 1993	209,817	23,313	233,130
\$4.75 Series 4	October 31, 1993	175,403	19,489	194,892
\$1.50 Subordinated Cumulative Preferred	October 31, 1993	101,232	11,257	112,489
TOTALS		\$679,190	\$75,468	\$754,658

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

## EXHIBITS

- (11) Computation of earnings per common and common share equivalent.  
 (27) Financial Data Schedule (for SEC use only)

- - - - -

## REPORTS ON FORM 8-K

None

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 14, 1996

GENESCO INC.  
AND CONSOLIDATED SUBSIDIARIES  
Earnings Per Common and  
Common Share Equivalent  
Three Months Ended April 30

## EXHIBIT 11

IN THOUSANDS	1996		1995	
	EARNINGS	SHARES	EARNINGS	SHARES
<b>PRIMARY EARNINGS (LOSS) PER SHARE</b>				
Earnings (loss) before discontinued operations	\$ 966		\$(13,331)	
Preferred dividend requirements	\$ 75		\$ 75	
-----				
Earnings (loss) before discontinued operations applicable to common stock and average common shares outstanding	\$ 891	24,410	\$(13,406)	24,344
Employees preferred and stock options deemed to be a common stock equivalent		642		-0-
-----				
Totals before discontinued operations	\$ 891	25,052	\$(13,406)	24,344
PER SHARE	\$ .04		\$ (.55)	
=====				
Net earnings (loss)	\$ 966		\$ (678)	
Preferred dividend requirements	\$ 75		\$ 75	
-----				
Net earnings (loss) applicable to common stock and average common shares outstanding	\$ 891	24,410	\$ (753)	24,344
Employees preferred and stock options deemed to be a common stock equivalent		642		-0-
-----				
Total net earnings (loss)	\$ 891	25,052	\$ (753)	24,344
PER SHARE	\$ .04		\$ (.03)	
=====				
<b>FULLY DILUTED EARNINGS (LOSS) PER SHARE</b>				
Earnings (loss) before discontinued operations applicable to common stock and average common shares outstanding	\$ 891	25,052	\$(13,406)	24,344
Senior securities the conversion of which would dilute earnings per share		141		-0-
-----				
Totals before discontinued operations	\$ 891	25,193	\$(13,406)	24,344
PER SHARE	\$ .04		\$ (.55)	
=====				
Net earnings (loss) applicable to common stock and average common shares outstanding	\$ 891	25,052	\$ (753)	24,344
Senior securities the conversion of which would dilute earnings per share		141		-0-
-----				
TOTAL NET EARNINGS (LOSS)	\$ 891	25,193	\$ (753)	24,344
PER SHARE	\$ .04		\$ (.03)	
=====				

All figures in thousands except amount per share.



THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FIRST QUARTER FISCAL 1997 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	FEB-01-1997	
	FEB-01-1996	
	APR-30-1996	3,003
		31,000
		32,827
		3,582
		86,619
	157,130	86,228
		57,524
	198,049	
47,993		76,251
	0	
		7,958
		24,912
		2,197
198,049		100,219
	100,219	59,631
		59,631
		0
	1,123	
	2,632	
		501
		(465)
	966	
		0
		0
		0
		966
		.04
		.04