UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): November 23, 2010 (November 23, 2010)

GENESCO INC.

(Exact Name of Registrant as Specified in Charter)

Tennessee	**1-3083**	**62-0211340**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1415 Murfreesboro Road **Nashville, Tennessee**	**37217-2895**
(Address of Principal Executive Offices)	(Zip Code)

(615) 367-7000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 23, 2010, Genesco Inc. issued a press release announcing its fiscal third quarter earnings and other results of operations. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

On November 23, 2010, Genesco Inc. also posted on its website, www.genesco.com, commentary by its chief financial officer on the quarterly results. A copy of the commentary is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), the press release and commentary furnished herewith contain non-GAAP financial measures, including adjusted selling, general and administrative expense, operating earnings, pretax earnings, earnings from continuing operations and earnings per share from continuing operations, as discussed in the text of the release and commentary and as detailed on the reconciliation schedule attached to the press release and commentary. For consistency and ease of comparison with Fiscal 2011's previously announced earnings expectations and the adjusted results for the prior period announced last year, neither of which reflected the adjustments, the Company believes that disclosure of the non-GAAP expense and earnings measures will be useful to investors.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

The following exhibits are furnished herewith:

Exhibit Number	Description
99.1	Press Release, dated November 23, 2010, issued by Genesco Inc.
99.2	Genesco Inc. Third Fiscal Quarter Ended October 30, 2010 Chief Financial Officer's Commentary

SIGNATURES

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 hereunto duly authorized.

GENESCO INC.

Date: November 23, 2010

By: /s/ Roger G. Sisson
Name: Roger G. Sisson
Title: Senior Vice President, Secretary and General Counsel

EXHIBIT INDEX

No.	Exhibit
99.1	Press Release dated November 23, 2010
99.2	Genesco Inc. Third Fiscal Quarter Ended October 30, 2010 Chief Financial Officer’s Commentary

Exhibit 99.1

Financial Contact: ***James S. Gulmi (615) 367-8325***
Media Contact: ***Claire S. McCall (615) 367-8283***

GENESCO REPORTS THIRD QUARTER FISCAL 2011 RESULTS

—Third Quarter Comparable Store Sales Increase 9%—
—Company Raises Fiscal 2011 Outlook—

NASHVILLE, Tenn., Nov. 23, 2010 — Genesco Inc. (NYSE:GCO) today reported earnings from continuing operations for the third quarter ended October 30, 2010, of $17.0 million, or $0.72 per diluted share, compared to earnings from continuing operations of $11.5 million, or $0.50 per diluted share, for the third quarter ended October 31, 2009. Fiscal 2011 third quarter earnings were reduced by pretax items totaling $3.1 million, or $0.05 per diluted share, after tax, primarily related to fixed asset impairments and purchase price accounting adjustments. Fiscal 2010 third quarter earnings reflected pretax charges of $2.6 million, or $0.03 per diluted share, after tax, primarily related to fixed asset impairments.

Adjusted for the listed items in both periods, earnings from continuing operations were $18.1 million, or $0.77 per diluted share, for the third quarter of Fiscal 2011, compared to earnings from continuing operations of $12.3 million, or $0.53 per diluted share, for the third quarter of Fiscal 2010. For consistency with Fiscal 2011's previously announced earnings expectations and the adjusted results for the prior period announced last year, neither of which reflected the listed items, the Company believes that disclosure of earnings from continuing operations adjusted for those items will be useful to investors. A reconciliation of the adjusted financial measures to their corresponding measures as reported pursuant to U.S. Generally Accepted Accounting Principles is included in Schedule B to this press release.

Net sales for the third quarter of Fiscal 2011 increased 19% to $464.8 million from $390.3 million in the third quarter of Fiscal 2010. Comparable store sales in the third quarter of Fiscal 2011 increased by 9%. The Lids Sports Group's comparable store sales increased by 13%, the Journeys Group increased by 9%, Johnston & Murphy Retail increased by 7%, and Underground Station increased by 3%.

Robert J. Dennis, chairman, president and chief executive officer of Genesco, said, "Our third quarter performance exceeded our expectations, highlighted by a comparable store sales gain of 9% and strong earnings growth. Our overall businesses produced better than planned top-line results as the positive trends we witnessed in the Back-to-School season continued throughout the quarter. This allowed us to achieve meaningful operating expense leverage and deliver much improved profitability versus the year ago period.

"The fourth quarter has started off well, with comparable store sales across all the

Company's retail businesses up 11% through the first three weeks of November. While we anticipate that comparable store sales will moderate from current levels, we are more optimistic in our outlook for the Holiday selling season than when we last updated our guidance for the year.

"Based on stronger than expected third quarter results combined with an improved outlook for the fourth quarter, we are raising our full year earnings guidance. We now expect Fiscal 2011 diluted earnings per share to be in the range of $2.38 to $2.43, up from our previous guidance of between $2.10 and $2.20, a 27% to 30% increase over last year's earnings. Consistent with previous guidance, these expectations do not include expected non-cash asset impairments and other charges, which are projected to total approximately $11 million to $13 million, or $0.28 to $0.33 per share, after tax, in Fiscal 2011. This guidance assumes comparable sales of 5% to 6% for the fourth quarter." A reconciliation of the adjusted financial measures cited in the guidance to their corresponding measures as reported pursuant to U.S. Generally Accepted Accounting Principles is included in Schedule B to this press release.

Dennis concluded, "The combined effort of our entire organization and the superior strategic position of our major businesses has allowed us to gain strength both strategically and financially as we have moved through the economic downturn. This quarter's results and our continuing momentum reflect this strength, as well as the early benefits of the growth initiatives we have pursued over the past year. We are excited about the new opportunities that continue to unfold."

Conference Call and Management Commentary

The Company has posted detailed, financial commentary in writing on its website, www.genesco.com, in the investor relations section. The Company's live conference call on November 23, 2010, at 7:30 a.m. (Central time) may be accessed through the Company's internet website, www.genesco.com. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software.

Cautionary Note Concerning Forward-Looking Statements

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

About Genesco Inc.

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear, sports apparel and accessories in more than 2,300 retail stores throughout the U.S. and Canada, principally under the names Journeys, Journeys Kidz, Shi by Journeys, Lids and Lids Locker Room, Johnston & Murphy, and Underground Station, and on internet websites www.journeys.com, www.journeyskidz.com, www.shibyjourneys.com, www.undergroundstation.com, www.johnstonmurphy.com, www.dockersshoes.com, and www.lids.com. The Company's Lids Sports division operates the Lids headwear stores and the lids.com website, the Lids Locker Room and other team sports fan shops and single team clubhouse stores, and the Lids Team Sports team dealer business. In addition, Genesco sells wholesale footwear under its Johnston & Murphy brand, the licensed Dockers brand and other brands. For more information on Genesco and its operating divisions, please visit www.genesco.com.

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended October 30, 2010	Three Months Ended October 31, 2009	Nine Months Ended October 30, 2010	Nine Months Ended October 31, 2009
Net sales	**$ 464,838**	$ 390,302	**$ 1,229,345**	$ 1,095,326
Cost of sales	**228,097**	190,136	**600,489**	535,993
Selling and administrative expenses*	**207,942**	179,271	**584,484**	531,071
Restructuring and other, net	**2,120**	2,571	**6,564**	10,864
Earnings from operations	**26,679**	18,324	**37,808**	17,398
Loss on early retirement of debt	**—**	—	**—**	5,119
Interest expense, net	**306**	921	**768**	4,033
Earnings from continuing operations before income taxes	**26,373**	17,403	**37,040**	8,246
Income tax expense	**9,406**	5,880	**13,906**	4,989
Earnings from continuing operations	**16,967**	11,523	**23,134**	3,257
Provision for discontinued operations	**(50)**	(80)	**(784)**	(298)
Net Earnings	**$ 16,917**	$ 11,443	**$ 22,350**	$ 2,959

* For the three months and nine months ended October 31, 2009, bank fees of $1.0 million and $2.8 million, respectively, were reclassified from interest expense to selling and administrative expenses to conform to the current year presentation.

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended October 30, 2010	Three Months Ended October 31, 2009	Nine Months Ended October 30, 2010	Nine Months Ended October 31, 2009
Preferred dividend requirements	**$ 49**	$ 49	**$ 148**	$ 148
Average common shares — Basic EPS	**23,069**	21,952	**23,337**	20,868
Basic earnings per share:				
Before discontinued operations	**$ 0.73**	$ 0.52	**$ 0.98**	$ 0.15
Net earnings	**$ 0.73**	$ 0.52	**$ 0.95**	$ 0.13
Average common and common equivalent shares — Diluted EPS	**23,562**	23,741	**23,770**	21,086
Diluted earnings per share:				
Before discontinued operations	**$ 0.72**	$ 0.50	**$ 0.97**	$ 0.15
Net earnings	**$ 0.72**	$ 0.50	**$ 0.93**	$ 0.13

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended October 30, 2010	Three Months Ended October 31, 2009	Nine Months Ended October 30, 2010	Nine Months Ended October 31, 2009
Sales:				
Journeys Group	**$ 215,976**	$ 198,407	**$ 550,834**	$ 523,846
Underground Station Group	**21,729**	21,946	**64,946**	67,235
Lids Sports Group	**152,703**	105,739	**405,273**	313,373
Johnston & Murphy Group	**45,399**	40,361	**129,001**	118,745
Licensed Brands	**28,663**	23,701	**78,319**	71,654
Corporate and Other	**368**	148	**972**	473
Net Sales	**$ 464,838**	$ 390,302	**$ 1,229,345**	$ 1,095,326
Operating Income (Loss):				
Journeys Group	**$ 22,316**	$ 17,902	**$ 26,872**	$ 20,256
Underground Station Group	**(1,268)**	(1,862)	**(3,973)**	(6,101)
Lids Sports Group	**12,709**	7,010	**34,452**	24,060
Johnston & Murphy Group	**1,816**	1,660	**4,194**	1,358
Licensed Brands	**3,573**	3,921	**10,464**	9,525
Corporate and Other*	**(12,467)**	(10,307)	**(34,201)**	(31,700)
Earnings from operations	**26,679**	18,324	**37,808**	17,398
Loss on early retirement of debt	**—**	—	**—**	5,119
Interest, net	**306**	921	**768**	4,033
Earnings from continuing operations before income taxes	**26,373**	17,403	**37,040**	8,246
Income tax expense	**9,406**	5,880	**13,906**	4,989
Earnings from continuing operations	**16,967**	11,523	**23,134**	3,257
Provision for discontinued operations	**(50)**	(80)	**(784)**	(298)
Net Earnings	**$ 16,917**	$ 11,443	**$ 22,350**	$ 2,959

* Includes a $2.1 million charge in the third quarter of Fiscal 2011 for asset impairments and includes $6.6 million of other charges in the first nine months of Fiscal 2011 which includes $6.4 million for asset impairments and $0.2 million for other legal matters. Includes $2.6 million of other charges in the third quarter of Fiscal 2010, primarily asset impairments and includes $10.9 million of other charges in the first nine months of Fiscal 2010 which includes $10.5 million in asset impairments, $0.3 million in other legal matters and $0.1 million for lease terminations.

GENESCO INC.

Consolidated Balance Sheet

In Thousands	October 30, 2010	October 31, 2009
Assets		
Cash and cash equivalents	**$ 24,574**	$ 23,620
Accounts receivable	**47,923**	33,425
Inventories	**450,902**	359,684
Other current assets	**52,155**	56,855
Total current assets	**575,554**	473,584
Property and equipment	**200,495**	221,264
Other non-current assets	**241,921**	183,431
Total Assets	**$ 1,017,970**	$ 878,279
Liabilities and Shareholders' Equity		
Accounts payable	**$ 199,299**	$ 152,273
Other current liabilities	**95,216**	62,694
Total current liabilities	**294,515**	214,967
Long-term debt	**30,400**	29,042
Other long-term liabilities	**108,281**	112,279
Shareholders' equity	**584,774**	521,991
Total Liabilities and Shareholders' Equity	**$ 1,017,970**	$ 878,279

GENESCO INC.

Retail Units Operated — Nine Months Ended October 30, 2010

	Balance 01/31/09	Acquisi- tions	Open	Close	Balance 01/30/10	Open	Acquisi- tions	Close	Balance 10/30/10
Journeys Group	1,012	0	19	6	1,025	7	0	11	**1,021**
Journeys	816	0	9	6	819	5	0	9	**815**
Journeys Kidz	141	0	9	0	150	2	0	2	**150**
Shi by Journeys	55	0	1	0	56	0	0	0	**56**
Underground Station Group	180	0	0	10	170	0	0	13	**157**
Lids Sports Group	885	38	35	37	921	25	48	20	**974**
Johnston & Murphy Group	157	0	7	4	160	3	0	4	**159**
Shops	114	0	5	3	116	2	0	4	**114**
Factory Outlets	43	0	2	1	44	1	0	0	**45**
Total Retail Units	2,234	38	61	57	2,276	35	48	48	**2,311**

Retail Units Operated — Three Months Ended October 30, 2010

	Balance 07/31/10	Open	Acquisi- tions	Close	Balance 10/30/10
Journeys Group	1,026	0	0	5	**1,021**
Journeys	819	0	0	4	**815**
Journeys Kidz	151	0	0	1	**150**
Shi by Journeys	56	0	0	0	**56**
Underground Station Group	162	0	0	5	**157**
Lids Sports Group	916	14	48	4	**974**
Johnston & Murphy Group	160	0	0	1	**159**
Shops	115	0	0	1	**114**
Factory Outlets	45	0	0	0	**45**
Total Retail Units	2,264	14	48	15	**2,311**

Comparable Store Sales

	Three Months Ended		Nine Months Ended	
	October 30, 2010	October 31, 2009	**October 30, 2010**	October 31, 2009
Journeys Group	**9%**	-2%	**5%**	-3%
Underground Station Group	**3%**	-6%	**0%**	-10%
Lids Sports Group	**13%**	1%	**10%**	2%
Johnston & Murphy Group	**7%**	-2%	**6%**	-12%
Total Comparable Store Sales	**9%**	-2%	**6%**	-3%

Schedule B

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

In Thousands (except per share amounts)	3 mos Oct 2010	Impact on EPS	3 mos Oct 2009	Impact on EPS
Earnings from continuing operations, as reported	$16,967	$ 0.72	$11,523	$ 0.50
Adjustments: (1)				
Impairment & lease termination charges	1,341	0.06	1,600	0.07
Purchase price accounting adjustment — margin	533	0.02	—	—
Purchase price accounting adjustment — expense	92	—	—	—
Convertible debt interest restatement (APB 14-1)	—	—	179	—
Higher (lower) effective tax rate	(796)	(0.03)	(965)	(0.04)
Adjusted earnings from continuing operations (2)	$18,137	$ 0.77	$12,337	$ 0.53

(1) All adjustments are net of tax. The tax rate for the third quarter of Fiscal 2011 is 38.2% excluding a FIN 48 discrete item of $0.1 million. The tax rate for the third quarter of Fiscal 2010 is 38.6% excluding a FIN 48 discrete item of $0.2 million.

(2) Reflects 23.5 million share count for Fiscal 2011 and 23.7 million share count for Fiscal 2010 which does include common stock equivalents in both years.

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

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

In Thousands (except per share amounts)	9 mos Oct 2010	Impact on EPS	9 mos Oct 2009	Impact on EPS
Earnings from continuing operations, as reported	$23,134	$ 0.97	$ 3,257	$0.15
Adjustments: (1)				
Impairment & lease termination charges	3,923	0.17	6,483	0.31
Other legal matters	95	—	206	0.01
Loss on early retirement of debt	—	—	3,061	0.14
Flood loss	215	0.01	—	—
Purchase price accounting adjustment — margin	766	0.03	—	—
Purchase price accounting adjustment — expense	266	0.01	—	—
Expenses related to aborted acquisition	127	—	—	—
Convertible debt interest restatement (APB 14-1)	—	—	842	0.04
Higher (lower) effective tax rate	(776)	(0.03)	1,575	0.07
Adjusted earnings from continuing operations (2)	$27,750	$ 1.16	$15,424	$0.72

(1) All adjustments are net of tax. The tax rate for the nine months of Fiscal 2011 is 38.75% excluding a FIN 48 discrete item of $0.3 million. The tax rate for the nine months of Fiscal 2010 is 39.0% excluding a FIN 48 discrete item of $0.3 million.

(2) Reflects 23.8 million share count for Fiscal 2011 and 21.1 million share count for Fiscal 2010 which includes common stock equivalents in both years.

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

Schedule B

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

In Thousands (except per share amounts)	High Guidance Fiscal 2011		Low Guidance Fiscal 2011	
Forecasted earnings from continuing operations	$27,361	$1.17	$26,209	$1.12
Adjustments: (1)				
Impairment and other charges including tax adjustments	2,696	0.11	2,696	0.11
Adjusted forecasted earnings from continuing operations (2)	$30,057	$1.28	$28,905	$1.23

(1) All adjustments are net of tax. The forecasted tax rate for the fourth quarter of Fiscal 2011 is 39.6%.

(2) Reflects 23.4 million share count for the fourth quarter of Fiscal 2011 which includes common stock equivalents.

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

Schedule B

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

In Thousands (except per share amounts)	High Guidance Fiscal 2011		Low Guidance Fiscal 2011	
Forecasted earnings from continuing operations	$50,495	$2.13	$49,310	$2.08
Adjustments: (1)				
Impairment and other charges including tax adjustments	7,311	0.30	7,311	0.30
Adjusted forecasted earnings from continuing operations (2)	$57,806	$2.43	$56,621	$2.38

(1) All adjustments are net of tax. The forecasted tax rate for Fiscal 2011 is 39.5%.

(2) Reflects 23.7 million share count for Fiscal 2011 which includes common stock equivalents.

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

GENESCO INC.
FY11 THIRD QUARTER ENDED OCTOBER 30, 2010
CHIEF FINANCIAL OFFICER'S COMMENTARY

Consolidated Results

Sales

Third quarter net sales increased 19% to $465 million from $390 million in the third quarter last year. Same store sales increased 9%. Same store sales increased 11% month-to-date through November 20th.

Sales from businesses acquired over the past 12 months accounted for $26.5 million of sales in the quarter. Sales of businesses operated for more than 12 months increased 12% in the quarter.

Gross Margin

Third quarter gross margin was 50.9% compared with 51.3% last year. This year's number was reduced by approximately $1.0 million in acquisition purchase accounting adjustments, accounting for 20 basis points of the percentage change. The drop in gross margin besides the acquisition purchase accounting adjustments was due primarily to a slight change in the mix of retail sales compared to wholesale sales. Wholesale sales, which normally carry a lower gross margin, represented about 15% of sales in the third quarter this year compared with 11% in the third quarter last year. Retail gross margin in the aggregate improved by 30 basis points in the quarter.

SG&A

Selling, general and administrative expense decreased to 44.7% of sales from 45.9% last year, reflecting expense leverage, primarily in occupancy cost and depreciation.

Restructuring and Other

The "Restructuring and Other" line reflects $2.1 million, primarily of retail store non-cash fixed asset impairments, in the third quarter this year, compared to $2.6 million of similar items in the same period last year.

Operating Income

Genesco's operating income was $26.7 million in the quarter compared with $18.3 million last year. Operating income this quarter included the restructuring expense of $2.1 million and the acquisition purchase accounting reductions totaling $1.0 million discussed above and, for last year, $2.6 million of restructuring expense. Excluding these items from both periods, operating income was $29.8 million this year compared with $20.9 million last year, a 42% increase. Adjusted for these items, operating margin increased to 6.4% of sales in the quarter compared with 5.4% last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is provided in the schedule at the end of this document.

Interest Expense

Net interest expense for the quarter was $306,000, compared with $921,000 last year. There was $30 million of bank debt outstanding at the end of the third quarter this year, compared to $29 million at the same time last year. We expect to repay this bank debt during the fourth quarter, as it represents working capital financing incurred in preparation for the holiday season.

Pretax Earnings — Total GCO

Pretax earnings for the third quarter this year were $26.4 million, which reflects the $3.1 million total of net restructuring expense and acquisition purchase accounting adjustment mentioned earlier. Last year, pretax earnings were $17.4 million, which reflected $2.6 million of restructuring expense. Excluding these items from both years' results, pretax earnings for the quarter were $29.5 million this year compared to $20.3 million last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is provided in the schedule at the end of this document.

Earnings Per Share From Continuing Operations

Earnings before discontinued operations were $17.0 million, or $.72 per diluted share in the third quarter this year, compared to $11.5 million, or $.50 per diluted share, in the third quarter last year. Excluding the items discussed above, earnings were $0.77 per diluted share in this year's third quarter and $0.53 last year, or a 45% increase. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is provided in the schedule at the end of this document.

Segment Results

Lids Sports Group

Lids Sports Group's sales for the quarter increased 44% to $153 million compared to $106 million in the third quarter last year, including sales of $25.5 million from businesses acquired in the last 12 months. Sales from businesses in the segment operated for more than 12 months increased by 20%.

Same store sales for the quarter increased 13% compared to an increase of 1% in the third quarter last year. E-Commerce sales for the group increased 12% in the quarter and represented about 3% of total sales. November same store sales increased 4% month-to-date through November 20, which is better than originally expected based on the difficult comparison to last year when the New York Yankees were in the World Series.

The Group's gross margin was lower in the quarter. Operating income was $12.7 million, or 8.3% of sales, including the acquisition purchase price accounting adjustments of $816,000, compared with $7.0 million, or 6.6% of sales last year. The increase reflects an improvement in the Lids stores' gross margins, offset by lower gross margins in Lids Locker Room and in the Lids Team Sports wholesale business. The Group leveraged expenses strongly in the quarter due to the lower operating expenses of the Lids Team Sports business and lower occupancy expense as a percent of sales in the retail businesses.

Journeys Group

Journeys Group's sales for the quarter increased 9% to $216 million from $198 million for the third quarter last year. Direct sales increased 10% and represented 2% of sales. Same store sales increased 9%. November same store sales increased 15% month-to-date through November 20. Average selling prices for footwear in the Journeys comp stores were down 1.3% for the third quarter this year.

Gross margin for the group was flat with last year.

SG&A expense decreased as a percent of sales by 120 basis points, due primarily to the leveraging of occupancy cost and depreciation.

The Group's operating income for the quarter was $22.3 million compared to $17.9 million last year. This is an increase of 25% in operating income and operating margin improved to 10.3% from 9.0% last year.

Underground Station

Underground Station's sales decreased 1% to $22 million, reflecting a 3% increase in same store sales and a 10% reduction in store count, to 157 stores. November same store sales increased 5% month-to-date through November 20.

Gross margin was down by 10 basis points in the quarter.

Expenses decreased as a percent of sales, due to the improvement in same store sales and good expense control.

Underground Station's operating loss of $1.3 million in the quarter was down from last year's loss of $1.9 million in the same period.

Johnston & Murphy Group

Johnston & Murphy Group's third quarter sales increased 12% to $45 million.

Johnston & Murphy's wholesale sales increased 24%. Same store sales for the Johnston & Murphy retail stores increased 7%. This is the second strongest Johnston & Murphy same store sales increase over the past 19 quarters. November same store sales increased 17% month-to-date through November 20.

E-Commerce and catalog sales increased 11% in the quarter and represented 9% of the Group's third quarter sales.

Gross margin decreased due primarily to increased wholesale sales as a percent of total Johnston & Murphy sales. SG&A as a percent of sales was down in the quarter due to the sales increase and expense control. Operating income was $1.8 million compared with $1.7 million last year.

Licensed Brands

Licensed Brands sales increased 21% to $29 million in the quarter.

Operating income was down to 12.5%, primarily reflecting lower gross margins.

SG&A expense increased because of added bonus accruals year over year.

Operating income was $3.6 million or 12.5% of sales, compared with $3.9 million or 16.5% of sales in the third quarter last year.

Balance Sheet

Cash

Cash at quarter-end was $25 million, up from $24 million last year. We ended the quarter with bank debt of $30.4 million, compared with debt last year of $29.0 million. This year's debt is seasonal working capital financing which we expect to repay by year end.

Inventory

Inventories increased 25% in the quarter on a year over year basis on a 19% sales increase. This included $32 million of inventory from recent acquisitions. Adjusting for acquisitions, inventory was up 16% compared with a sales increase of 12%, excluding acquisitions. We are comfortable with our inventory levels as we move into the Holiday season.

Shareholders' Equity

Shareholders' equity was $585 million at the end of the quarter, compared with $522 million at the same time last year.

Capital Expenditures

For the quarter, capital expenditures were $7.0 million and depreciation was $11.2 million.

We opened 14 stores, closed 15 stores, and acquired 48 stores during the quarter, ending the quarter with 2,311 stores, compared with 2,243 stores at the same time last year. The store count increased 3% and the square footage increased 7% in the quarter. This year's store count included:

- 885 Lids stores (including 65 stores in Canada)
- 57 Lids Locker Room stores
- 32 Lids clubhouse stores
- 815 Journeys stores (including 3 in Canada)
- 150 Journeys Kidz stores
- 56 Shï by Journeys stores
- 157 Underground Station stores
- 159 Johnston & Murphy stores and Factory store

Cautionary Note Concerning Forward-Looking Statements

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