

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities

Exchange Act of 1934

Date of Report (Date of earliest event reported): June 15, 2004 (April 1, 2004)

GENESCO INC.

(Exact name of registrant as specified in its charter)

Tennessee
(State or Other
Jurisdiction of
Incorporation)

1-3083
(Commission
File Number)

62-0211340
(IRS Employer
Identification No.)

1415 Murfreesboro Road
Nashville, Tennessee
(Address of Principal Executive Office)

37217-2895
(Zip code)

Registrant's telephone number, including area code: **(615) 367-7000**

N/A

(Former Name or Former Address, if Changed Since Last Report)

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Item 2. Acquisition or Disposition of Assets.

On April 1, 2004, Genesco Inc. a Tennessee Corporation (The "Company") completed the acquisition of 100% of the outstanding common shares of Hat World Corporation ("Hat World") for a total purchase price of approximately \$180.1 million, including adjustments for \$12.6 million of net cash acquired and direct acquisition expenses of \$2.8 million. The results of Hat World's operations have been included in the Company's consolidated financial statements since that date. Headquartered in Indianapolis, Indiana, Hat World is a leading specialty retailer of licensed and branded headwear sold through 492 retail stores as of May 1, 2004.

On April 9, 2004, the Company filed a Current Report on Form 8-K reporting, among other things, that it had completed the acquisition and that the financial statements and information required under Item 7 would be filed on or before June 15, 2004. This Amendment No. 1 to the Current Report on Form 8-K contains the required financial statements and pro forma financial information.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired

The audited consolidated financial statements of Hat World Corporation and Subsidiaries including the consolidated balance sheets as of January 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended are attached as Exhibit 99.1 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma combined consolidated statements of earnings for the year ended January 31, 2004 and for the three months ended May 1, 2004, including the notes thereto, are attached as Exhibit 99.2 hereto and are incorporated herein by reference.

(c) Exhibits:

- 2.1 Agreement and Plan of Merger, dated as of February 5, 2004, by and among Genesco Inc., HWC Merger Sub, Inc. and Hat World Corporation. (Pursuant to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this agreement are omitted, but will be provided supplementally to the Commission upon request.)*
- 10.1 Credit Agreement, dated as of April 1, 2004, by and among Genesco Inc., as Borrower, certain Subsidiaries of the Borrower from time to time party thereto as Guarantors, Bank of America, N.A., as Administrative Agent and L/C Issuer and the other Lenders party thereto.*
- 10.2 Form of Revolving Note.*
- 10.3 Form of Term Note.*
- 23.1 Consent of KPMG LLP, Independent Auditors.
- 99.1 Historical consolidated financial statements of Hat World Corporation and Subsidiaries including consolidated balance sheets as of January 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended.
- 99.2 The unaudited pro forma combined consolidated statements of earnings for the year ended January 31, 2004 and for the three months ended May 1, 2004, including the notes thereto.

* Previously Filed.

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: June 15, 2004

By: /s/ Roger G. Sisson

Name: Roger G. Sisson

Title: Vice President, Secretary and
General Counsel

EXHIBIT INDEX

No.	Exhibit
2.1	Agreement and Plan of Merger, dated as of February 5, 2004, by and among Genesco Inc., HWC Merger Sub, Inc. and Hat World Corporation. (Pursuant to Item 601(b)(2) of Regulation S-K, the schedules and exhibits to this agreement are omitted, but will be provided supplementally to the Commission upon request.)*
10.1	Credit Agreement, dated as of April 1, 2004, by and among Genesco Inc., as borrower, certain Subsidiaries of the Borrower from time to time party thereto as Guarantors, Bank of America, N.A., as Administrative Agent and L/C Issuer and the other Lenders party thereto.*
10.2	Form of Revolving Note.*
10.3	Form of Term Note.*
23.1	Consent of KPMG LLP, Independent Auditors.
99.1	Historical consolidated financial statements of Hat World Corporation and Subsidiaries including consolidated balance sheets as of January 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended.
99.2	The unaudited pro forma combined consolidated statements of earnings for the year ended January 31, 2004 and for the three months ended May 1, 2004, including the notes thereto.

* Previously Filed.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Genesco, Inc.

We consent to the incorporation by reference in the registration statements listed below of Genesco, Inc. of our report dated March 5, 2004, with respect to the consolidated balance sheets of Hat World Corporation and Subsidiaries. as of January 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, which report appears in the Current Report on Form 8-K/A of Genesco, Inc. dated June 15, 2004:

1. Form S-8, Registration No. 333-15835 pertaining to the Genesco Inc. 1987 Stock Option Plan
2. Form S-8, Registration No. 333-30828 pertaining to the Genesco Inc. 1987 Stock Option Plan
3. Form S-8, Registration No. 333-35329 pertaining to the Genesco Inc. 1987 Stock Option Plan
4. Form S-8, Registration No. 333-50248 pertaining to the Genesco Inc. 1987 Stock Option Plan
5. Form S-8, Registration No. 333-94249 pertaining to the Genesco Inc. 1987 Stock Option Plan
6. Form S-8, Registration No. 333-62653 pertaining to the Genesco Inc. 1996 Employee Stock Purchase Plan
7. Form S-8, Registration No. 333-08463 pertaining to the Genesco Inc. 1996 Stock Incentive Plan
8. Form S-8, Registration No. 333-104908 pertaining to the Genesco Inc. 1996 Stock Incentive Plan
9. Form S-3, Registration No. 333-109019 pertaining to the registration of convertible subordinated debentures, shares of common stock and allocated rights to purchase subordinated serial preferred stock filed on January 8, 2004

/s/ KPMG LLP

Indianapolis, IN
June 11, 2004

HAT WORLD CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
and Supplemental Schedules

January 31, 2004 and 2003

(With Independent Auditors' Report Thereon)

HAT WORLD CORPORATION AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Hat World Corporation:

We have audited the accompanying consolidated balance sheets of Hat World Corporation and Subsidiaries (the Company) as of January 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hat World Corporation and Subsidiaries as of January 31, 2004 and 2003 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1(m) to the consolidated financial statements, effective February 1, 2002, the Company adopted the provisions of EITF Issue 02-16, Accounting by a Customer (including a Reseller) for Cash Consideration Received from a Vendor.

/s/ KPMG LLP

March 5, 2004

HAT WORLD CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

January 31, 2004 and 2003

(Dollars in thousands)

	2004	2003
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,579	1,466
Receivables	645	529
Inventories	30,691	27,600
Deferred income taxes	1,287	1,785
Prepaid expenses and other assets	318	427
	-----	-----
Total current assets	37,520	31,807
	-----	-----
Property and equipment:		
Leasehold improvements	19,337	14,424
Furniture and fixtures	10,369	8,154
Office and computer equipment	9,877	7,639
Vehicles	22	22
	-----	-----
	39,605	30,239
	-----	-----
Less accumulated depreciation and amortization	(15,790)	(10,714)
	-----	-----
Property and equipment, net	23,815	19,525
	-----	-----
Deferred income taxes	--	229
Deferred financing costs	52	66
Intangible assets	83	--
	-----	-----
	\$ 61,470	51,627
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of notes payable and long-term debt	\$ 549	1,960
Accounts payable, trade	11,571	11,605
Accrued expenses	5,454	2,652
Deferred revenue	3,863	1,931
Income taxes payable	6,273	2,867
	-----	-----
Total current liabilities	27,710	21,015
	-----	-----
Accrued straight-line rent	1,450	1,134
Deferred income taxes	240	--
Notes payable and long-term debt, less current maturities	408	8,631
	-----	-----
Total liabilities	29,808	30,780
	-----	-----
Stockholders' equity:		
Series A convertible preferred stock, no par value. Authorized 2,000,000 shares; issued and outstanding 189,724 shares	1,000	1,000
Series B redeemable convertible preferred stock, \$0.0001 par value. Authorized, issued, and outstanding 222,780 shares	10,600	10,600
Common stock, par value \$0.01 per share. Authorized 10,000,000 shares; issued and outstanding 3,373,446 shares	34	34
Additional paid-in capital	5,313	5,313
Retained earnings	14,715	3,900
	-----	-----
	31,662	20,847
	-----	-----
	\$ 61,470	51,627
	=====	=====

See accompanying notes to consolidated financial statements.

HAT WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended January 31, 2004 and 2003

(Dollars in thousands)

	2004	2003
	-----	-----
Net sales	\$ 199,419	156,641
Cost of sales	92,738	75,432
Selling and administrative	87,734	72,414
Acquisition-related integration costs	--	266
	-----	-----
Income from operations before interest	18,947	8,529
Other income (expense):		
Interest income	1	3
Interest expense	(1,269)	(1,569)
	-----	-----
Income before income taxes and cumulative effect of accounting change	17,679	6,963
Income tax expense	(6,865)	(3,026)
	-----	-----
Income before cumulative effect of accounting change	10,814	3,937
Cumulative effect of change in accounting principle, net of taxes of \$207 (note 1(m))	--	(310)
	-----	-----
Net income	\$ 10,814	3,627
	=====	=====

See accompanying notes to consolidated financial statements.

HAT WORLD CORPORATION AND SUBSIDIARIES
 Consolidated Statements of Stockholders' Equity

Years ended January 31, 2004 and 2003

(Dollars in thousands)

	COMMON STOCK		PREFERRED STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
	SHARES	AMOUNT				
Balance at January 31, 2002	3,173,446	\$ 32	11,600	4,237	274	16,143
Exercised warrants	200,000	2	--	1,076	--	1,078
Net income	--	--	--	--	3,626	3,626
Balance at January 31, 2003	3,373,446	34	11,600	5,313	3,900	20,847
Net income	--	--	--	--	10,815	10,815
Balance at January 31, 2004	3,373,446	\$ 34	11,600	5,313	14,715	31,662

See accompanying notes to consolidated financial statements.

HAT WORLD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended January 31, 2004 and 2003

(Dollars in thousands)

	2004	2003
	-----	-----
Cash flows from operating activities:		
Net income	\$ 10,814	3,626
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,300	3,927
Other amortization	67	152
Cumulative effect of change in accounting principle, net of tax	--	310
Deferred income taxes	967	(625)
Loss on sale of property and equipment	223	123
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Receivables	(116)	1,812
Inventories	(2,941)	(1,378)
Prepaid expenses and other assets	109	(17)
Accounts payable, trade	(34)	(1,636)
Accrued expenses	2,802	181
Deferred revenue	1,932	865
Accrued straight-line rent	316	470
Income taxes payable	3,406	2,174
	-----	-----
Net cash provided by operating activities	22,845	9,984
	-----	-----
Cash flows from investing activities:		
Property and equipment purchases	(9,398)	(4,476)
Proceeds from sale of property and equipment	30	55
Acquisitions, net of cash acquired	(695)	(774)
	-----	-----
Net cash used in investing activities	(10,063)	(5,195)
	-----	-----
Cash flows from financing activities:		
Payment of loan fees	(25)	(20)
Net repayments on line of credit	(7,674)	(1,901)
Proceeds from issuance of notes payable	--	446
Principal payments on debt, including capital lease obligations	(1,970)	(4,563)
Proceeds from warrants exercised	--	1,079
	-----	-----
Net cash used in financing activities	(9,669)	(4,959)
	-----	-----
Net change in cash and cash equivalents	3,113	(170)
	-----	-----
Cash and cash equivalents at beginning of year	1,466	1,636
	-----	-----
Cash and cash equivalents at end of year	\$ 4,579	1,466
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the year:		
Interest	\$ 670	1,152
Income taxes	2,491	1,328
Supplemental schedule of noncash investing and financing activities:		
Note payable issued for acquisition	\$ --	388
Capital lease obligations incurred for equipment	--	1,642

See accompanying notes to consolidated financial statements.

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

(1) PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPAL BUSINESS ACTIVITY

Hat World Corporation through its wholly owned subsidiaries, Hat World, Inc. and HATWORLD.COM, Inc., operates specialty retail stores and an e-commerce web site, primarily to sell licensed and branded headwear and apparel. The first store was opened November 3, 1995 and at January 31, 2004, 481 stores were operating in forty-four states. Hat World, Inc. stores operate under the following names: Hat World, Lids, Hat Zone, and Cap Factory.

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Hat World Corporation and its wholly owned subsidiaries, Hat World, Inc. and HATWORLD.COM, Inc. (collectively the Company). All significant intercompany balances and transactions have been eliminated in consolidation.

(c) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) CASH EQUIVALENTS

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

(e) TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance, if any, based on historical write-off experience. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

(f) INVENTORIES

Inventories are valued at the lower of average cost or market.

(g) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Equipment held under capital leases is stated at the present value of the minimum lease payments. Depreciation is computed on a straight-line basis over the

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

estimated useful lives of the respective assets. Amortization of equipment under capital leases and leasehold improvements is computed on a straight-line basis over the shorter of the lease term or estimated useful life of the asset and amortization is included in depreciation expense. The useful lives of property and equipment are as follows:

Furniture and fixtures	5 - 7 years
Office and computer equipment	3 - 5 years
Vehicles	5 years
Leasehold improvements	1 - 11 years

The carrying value of property and equipment is assessed when factors indicating an impairment are present. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. If an impairment is present, an impairment loss is recognized and the assets are reported at recoverable fair value. No impairment loss was recognized in 2004 or 2003.

Certain costs incurred to develop the Company's e-commerce site and the costs associated with developing software related to the services offered to customers of the site are capitalized in accordance with Statement of Position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, and EITF 00-2, Accounting for Web Site Development Costs. Approximately \$19 and \$173 was capitalized during the fiscal years ended January 31, 2004 and 2003, respectively, and is included in office and computer equipment. These costs will be amortized over the expected useful life, generally three years.

(h) DEFERRED FINANCING COSTS

Loan origination fees and financing costs are amortized to interest expense using the straight-line method over the terms of the related financing.

(i) RENT EXPENSE

Rent expense charged to operations differs from rent paid because of the effect of free rent periods and scheduled rent increases. Accrued straight-line rent represents the accumulated difference between rent payments and rent expense calculated by allocating total rental payments over the respective lease terms.

(j) INCOME TAXES

The Company accounts for income taxes using the asset and liability approach. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(k) REVENUE RECOGNITION

The Company records revenue at the point of sale for retail stores and at the time of shipment for catalog and e-commerce sales. The Company also sells memberships which entitle purchasers to additional discounts. The Company defers recognition of membership fee revenue, net of incremental direct costs associated with the membership sale, over the term of the membership.

(l) STOCK-BASED COMPENSATION

The Company accounts for its stock option plan in accordance with the provisions of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. All options are issued at the current market price on the date of issuance and, accordingly, no stock-based employee compensation cost has been recognized for its stock options in the financial statements.

The per share weighted average fair value of stock options granted during fiscal 2003 was \$.525 on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: expected dividend yield of 0%, risk-free interest rate of 2.23%, and an expected life of 5 years. As permitted by SFAS 123, no volatility assumption is included in the calculation of fair value because the Company is privately owned. There were no stock options granted during fiscal 2004.

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, Accounting for Stock-Based Compensation, the Company's net earnings would have been reduced to the pro forma amounts indicated below:

	2004	2003
	-----	-----
Net income:		
As reported	\$ 10,814	3,626
Total stock-based employee compensation expense determined under fair value based method for all awards	(119)	(409)
	-----	-----
Pro forma	\$ 10,695	3,217
	=====	=====

(m) CASH CONSIDERATION RECEIVED FROM VENDORS

In fiscal 2003, the Emerging Issues Task Force of the FASB reached a consensus on Issue 02-16, Accounting by a Customer (including a Reseller) for Cash Consideration Received from a Vendor. Issue 02-16 provides guidance on the income statement classification and timing of recognition of cash consideration received from vendors, including rebates and reimbursements for expenses such as cooperative advertising. In accordance with Issue 02-16, reimbursements for cooperative

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

advertising expenses are recorded as a reduction of advertising expense to the extent of the specific, incremental, identifiable costs incurred to promote the vendor's products. Any amounts received in excess of costs reimbursed are considered a reduction in the cost of the related inventory. The Company adopted Issue 02-16 effective February 1, 2002, and has recorded a cumulative effect adjustment of \$310, net of tax of \$207. The cumulative effect adjustment results from vendor consideration initially recognized in fiscal 2002 that is recorded as a reduction of inventory costs under Issue 02-16. The effect of the change in fiscal 2003 was to decrease net income before cumulative effect of accounting change by \$43.

(n) ADVERTISING

Advertising costs are expensed as incurred. These costs are net of cooperative advertising reimbursements. The Company incurred \$86 and \$48 of net advertising costs in 2004 and 2003, respectively.

(o) RECLASSIFICATIONS

Certain amounts in the 2003 consolidated financial statements have been reclassified to conform with the 2004 presentation.

(2) ACQUISITIONS

In February 2003, Hat World acquired substantially all the assets of Cap Factory including 2 stores. The purchase price was \$275. The acquisition was accounted for as a purchase and the entire cost was allocated to the net assets acquired. The acquired operations are included in the Consolidated Statement of Operations commencing on February 13, 2003.

In March 2003, Hat World acquired the Hat Zone franchise business (9 stores) and purchased 2 stores previously operated as Hat Zone franchises. The purchase price for the Hat Zone franchise business was \$100. The acquisition was accounted for as a purchase and the entire cost was allocated to intangible assets. The purchase price for the 2 Hat Zone franchisee stores was \$320, net of cash acquired, and the entire cost was allocated to the net assets acquired. Both acquired operations are included in the Consolidated Statement of Operations commencing on April 1, 2003.

In November 2002, the Company acquired substantially all of the assets of Hat Zone Corporation, a specialty retail store selling primarily baseball-style caps with stores primarily in the Midwestern United States. The Hat Zone franchise stores were not purchased at that time. The total purchase price was \$774 of cash and \$1,047 of liabilities assumed. Additional payments were made in fiscal 2004 related to contingencies in the purchase agreement totaling \$100. The acquisition was accounted for as a purchase and the entire cost was allocated to the net assets acquired. The acquired operations are included in the Consolidated Statement of Operations commencing on November 15, 2002.

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

(3) NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consists of:

	2004 -----	2003 -----
Variable rate line of credit with a bank of \$25,000 at January 31, 2004 and \$20 million at January 31, 2003, due April 30, 2006, interest at prime rate (4.00% at January 31, 2004 and 4.25% at January 31, 2003)	\$ --	7,674
Subordinated loan with a venture capital firm, which is a major shareholder of the Company. Principal payments of \$500,000 due July of 2003 plus interest at 12%, net of unamortized discount of \$10,342 at January 2003	--	490
Subordinated loan with a venture capital firm, which is a major shareholder of the Company, due July 2003. Varying principal payments and quarterly interest payments at 6.00% above prime rate (10.25% at January 31, 2003)	--	750
Various notes payable	--	58
Capital lease obligations, at varying rates of imputed interest from 7% to 12.9% secured by property and equipment	957	1,619
	-----	-----
	957	10,591
Less current maturities	549	1,960
	-----	-----
	\$ 408	8,631
	=====	=====

Substantially all assets of the Company are pledged as collateral for the loans with the venture capital firm and bank. In addition, the loan agreement with the bank contains restrictive covenants requiring minimum levels of net worth, interest coverage, and limiting additional indebtedness and distributions.

Notes payable and long-term debt maturities are as follows:

	AMOUNT -----
Years ending January 31:	
2005	\$ 549
2006	408

	\$ 957
	=====

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

(4) ACCRUED EXPENSES

Accrued expenses include the following at January 31, 2004 and 2003:

	2004	2003
	-----	-----
Compensation, related withholdings and benefits	\$3,812	1,305
Sales taxes	599	630
Gift certificates	891	693
Other	152	24
	-----	-----
	\$5,454	2,652
	=====	=====

(5) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) retirement plan which covers all employees who meet eligibility requirements. Employees may defer a maximum of 15% of their salary. The Company will match 50% of the first 5% of the employee's elective deferral. The Company may also make additional contributions to the plan at the discretion of the board of directors. The Company's contributions for 2004 and 2003 were \$86 and \$82, respectively.

(6) INCOME TAXES

Total income tax expense (benefit) for the years ended January 31, 2004 and 2003 was allocated as follows:

	2004	2003
	-----	-----
Income tax before cumulative effect of accounting change	\$6,865	3,026
Cumulative effect of accounting change	--	(207)
	-----	-----
	\$6,865	2,819
	=====	=====

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

Income tax expense (benefit) for the years ended January 31, 2004 and 2003 follows:

	2004 -----	2003 -----
Federal:		
Current	\$4,417	3,014
Deferred	845	(547)
	-----	-----
	5,262	2,467
	-----	-----
State:		
Current	1,481	637
Deferred	122	(78)
	-----	-----
	1,603	559
	-----	-----
	\$6,865	3,026
	=====	=====

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate of 34% to income before income taxes and cumulative effect of accounting change for the years ended January 31, 2004 and 2003 due to the following:

	2004 -----	2003 -----
Computed "expected" tax expense	\$ 6,010	2,367
Increase (decrease) in income taxes resulting from:		
State income taxes, net of federal tax benefit	1,058	369
Other	(203)	290
	-----	-----
	\$ 6,865	3,026
	=====	=====

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

The components of deferred tax assets (liabilities) as of January 31, 2004 and 2003 follow:

	2004	2003
	-----	-----
Deferred tax assets attributable to:		
Inventory reserves	\$ --	281
Deferred revenue	1,530	765
Accrued straight-line rent	574	449
Net operating loss and credit carryforwards	--	739
Other	40	119
	-----	-----
Deferred tax assets	2,144	2,353
	-----	-----
Deferred tax liabilities attributable to:		
Inventory reserves	283	--
Property and equipment depreciation	814	339
	-----	-----
Deferred tax liabilities	1,097	339
	-----	-----
Net deferred tax assets	1,047	2,014
Less current portion	(1,287)	(1,785)
	-----	-----
Non current portion	\$ (240)	229
	=====	=====

(7) LEASE COMMITMENTS

The Company leases all of its store locations and a warehouse under noncancelable lease agreements with terms ranging from less than one year to eleven years. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases. Generally, under these leases, the Company is obligated for certain minimum rentals, real estate taxes, utilities, insurance and contingent rentals based upon sales volume. Rent expense under these leases was \$26,845 and \$22,914 for the years ended January 31, 2004 and 2003, respectively. Included in the total rent expense for the years ended January 31, 2004 and 2003 was \$557 and \$171, respectively, representing contingent rent based upon sales volume. The Company also leases equipment under long-term capital lease agreements that expire in various years through November 2005. The Company is required to pay executory costs such as insurance and maintenance.

	2004	2003
	-----	-----
Capitalized leased assets consist of:		
Equipment	\$ 2,170	2,856
Less accumulated depreciation	(642)	(436)
	-----	-----
	\$ 1,528	2,420
	=====	=====

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

Minimum lease payments for capital and operating leases in future years are as follows:

	CAPITAL LEASES	OPERATING LEASES
	-----	-----
Years ending January 31:		
2005	\$ 603	19,016
2006	422	16,944
2007	--	14,516
2008	--	11,540
2009	--	8,615
Thereafter	--	15,984
	-----	-----
Total minimum lease payments	1,025	\$ 86,615
		=====
Less interest	(67)	

Present value of minimum lease payments (note 3)	\$ 958	
	=====	
	???	

(8) STOCK OPTIONS AND WARRANTS

EMPLOYEE-BASED STOCK OPTIONS

During 2001, the Company amended the 1998 stock option plan to fix the number of stock options that may be granted to not more than 18,000 shares so that no new options may be granted from this plan. In addition, the Board approved the adoption of the 2001 Stock Option Plan (Plan), which provides for the issuance of both incentive and nonqualified stock options to employees, officer, directors, and consultants of the Company. The 2001 plan provides for the issuance of up to 862,000 shares of common stock, with all options vesting and becoming fully exercisable based on the terms included in the individual participant's option agreement. The maximum number of shares which may be issued in any one year is 400,000 to any one optionee.

The per share fair value of the options granted during 2003 was approximately \$1.865 on the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: expected dividend yield of 0%; risk-free interest rate of 3.65%; expected lives of 10 years; and volatility of 44.95%.

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

A summary of the status of the Company's stock options and warrants as of January 31, 2004 and 2003, and changes during the years then ended is presented below:

	2004		2003	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	1,342,780	\$ 5.22	740,569	\$ 5.70
Granted	--	--	846,211	5.00
Exercised	--	--	(200,000)	5.39
Forfeited	(3,000)	5.00	(44,000)	8.14
Outstanding at end of year	1,339,780	5.19	1,342,780	5.19
Exercisable at year-end	1,174,843	5.20	890,906	5.22

A summary of the Company's options and warrants outstanding and exercisable as of January 31, 2004 is as follows:

EXERCISE PRICES	2004				
	OUTSTANDING			EXERCISABLE	
	NUMBER OUTSTANDING AT 1/31/03	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT 1/31/03	WEIGHTED AVERAGE EXERCISE PRICE
Fixed options/ warrants:					
\$ 4.00 - 7.00	1,299,780	7.43	\$ 5.04	1,134,843	\$ 5.03
7.00 - 10.00	40,000	7.40	10.00	40,000	10.00
	1,339,780		\$ 5.19	1,174,843	\$ 5.20

(9) STOCKHOLDERS' EQUITY

(a) CONVERTIBLE PREFERRED STOCK

Series A Preferred Stock is convertible to shares of common stock at a rate of one-to-one, has a liquidation preference equal to its original issue price and has no redemption features.

(Continued)

HAT WORLD CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

January 31, 2004 and 2003

(Dollars in thousands)

(b) REDEEMABLE CONVERTIBLE PREFERRED STOCK

On June 12, 2001, Hat World Corporation issued 2,227,800 shares of Series B Redeemable Convertible Preferred Stock (Series B preferred stock) at \$4.76 per share. The holders of the preferred stock have special voting powers and preferences. Specifically, the Series B Preferred Stock has a liquidation preference of \$4.76 per share increased at a rate of 13.5%, compounded annually commencing on the closing date.

The Series B Preferred Stock may be redeemed at the option of the holder in whole or in part at any time after June 12, 2006 at the greater of \$4.76 per share in cash, plus 13.5% compounded annually, or the fair market value of the Common Stock, as determined by an appraiser selected by the Board. The Series B Preferred Stock is convertible at the option of the holder into shares of the Company's Common Stock on a one-for-one basis at any time prior to redemption, subject to certain anti-dilution adjustments and EBITDA adjustment provisions. Holders of the Series B Preferred Stock vote together as a single class and shall vote as a single class with all other classes and series of capital stock of the Company and not as a separate class.

(10) RELATED PARTY TRANSACTIONS

The Company had two subordinated loans outstanding at January 31, 2003 with a major shareholder as discussed in note 3. The Company also incurs a monthly monitoring fee in connection with the Series B preferred stock which totaled \$175 for each of the years ended January 31, 2004 and 2003. Amounts payable to this related party totaled \$31 and \$29 at January 31, 2004 and 2003, respectively.

(11) SUBSEQUENT EVENT

On February 5, 2004, the Company entered into an agreement to be acquired by Genesco Inc. ("Genesco"), a leading retailer and marketer of branded footwear.

Under the terms of the agreement, the total sales price will be \$165 million, subject to adjustment for changes in net debt and working capital and for certain tax benefits. The transaction has been approved by the boards of directors of Genesco and the Company, and closing, which is subject to customary conditions including regulatory approvals, is expected in the first quarter of fiscal 2005.

INDEPENDENT AUDITORS' REPORT ON

SUPPLEMENTARY INFORMATION

The Stockholders and Board of Directors
Hat World Corporation:

We have audited and reported separately herein on the consolidated financial statements of Hat World Corporation as of and for the years ended January 31, 2004 and 2003.

Our audits for the years ended January 31, 2004 and 2003 were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in schedules 1 and 2 for the years ended January 31, 2004 and 2003, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

March 5, 2004

SCHEDULE 1

HAT WORLD CORPORATION AND SUBSIDIARIES
 Consolidated Schedules of Retail Operating Expenses
 Years ended January 31, 2004 and 2003

	2004	2003
	-----	-----
Compensation	\$ 29,394,521	24,318,879
Store rent	26,085,061	22,435,219
Depreciation and amortization	4,381,087	3,188,821
Payroll taxes	2,615,264	2,165,793
Utilities	1,949,302	1,848,121
Bank and credit card service fees	2,031,205	1,624,425
Advertising	86,418	48,633
Office supplies	953,077	839,146
Business insurance	225,616	168,675
Telephone	523,988	545,081
Employee benefits	1,159,234	593,061
Payroll processing fees	127,663	122,604
Maintenance and repairs	614,721	531,205
Bad debts	142,312	110,037
Miscellaneous	150,059	140,143
Straight-line rent	316,459	470,119
Special events	219,426	--
	-----	-----
	\$ 70,975,413	59,149,962
	=====	=====

See accompanying independent auditors' report on supplementary information.

SCHEDULE 2

HAT WORLD CORPORATION AND SUBSIDIARIES

Consolidated Schedules of General and Administrative Expenses

Years ended January 31, 2004 and 2003

	2004	2003
	-----	-----
Compensation	\$ 8,894,421	7,447,676
Store opening	127,977	35,089
Travel and entertainment	1,164,828	996,083
Depreciation and amortization	774,591	680,765
Payroll taxes	640,257	564,180
Office supplies	213,578	260,756
Telephone	298,961	313,369
Rent	64,550	49,984
Employment related expenses	107,846	108,995
Professional fees	609,021	605,114
Promotions and contests	47,732	44,501
Meetings	107,940	90,214
Bank and credit card service fees	64,906	70,601
Licenses and taxes	536,892	474,529
Maintenance and repairs	26,758	34,177
Dues and subscriptions	26,642	31,645
Utilities	16,755	31,308
Insurance	51,012	39,462
Franchise fees	18,549	--
	-----	-----
	\$ 13,793,216	11,878,448
	=====	=====

See accompanying independent auditors' report on supplementary information.

UNAUDITED PRO FORMA COMBINED CONSOLIDATED STATEMENTS OF EARNINGS

The unaudited pro forma combined consolidated statements of earnings for the year ended January 31, 2004 and for the three months ended May 1, 2004 combine the historical Genesco Inc. and Hat World Corporation statements of earnings as if the acquisition of Hat World Corporation, which occurred on April 1, 2004, had been completed on February 2, 2003, the first day of the fiscal year ended January 31, 2004.

The pro forma adjustments reflecting the Hat World Corporation acquisition are based on the purchase method of accounting, available financial information, and certain estimates and assumptions set forth in the notes to the Unaudited Pro Forma Combined Consolidated Statements of Earnings. The pro forma adjustments do not reflect any operating efficiencies or additional costs that may result with respect to the combined business of Genesco Inc. and Hat World Corporation.

The unaudited pro forma combined consolidated statements of earnings for the year ended January 31, 2004 and for the three months ended May 1, 2004 do not purport to represent what the actual results of operations of the combined businesses would have been if the acquisition of Hat World Corporation had occurred on the date indicated in these pro forma combined consolidated statements of earnings nor does this information purport to project the results for any future periods. The unaudited pro forma condensed combined statements of earnings and the accompanying notes should be read in conjunction with the historical financial statements and related notes of Genesco Inc. included in Genesco's Annual Report on Form 10-K and Quarterly Report on Form 10-Q and the historical financial statements of Hat World Corporation included herein.

Genesco Inc. and Subsidiaries
 Unaudited Pro Forma Combined Consolidated Statements of Earnings
 Year Ended January 31, 2004
 In Thousands, except per share amounts

	As Reported Per Form 10-K -----	Hat World Corporation -----	Pro Forma Adjustments -----	Pro Forma Combined -----
Net sales	\$ 837,379	\$ 199,419		\$1,036,798
Cost of sales	448,601	92,738		541,339
Selling and administrative expenses	332,674	87,734	\$ 2,315 (1)(2)	422,723
Restructuring and other charges, net	901	0		901
Earnings from operations	----- 55,203 -----	----- 18,947 -----	----- (2,315) -----	----- 71,835 -----
Loss on early retirement of debt	2,581			2,581
Interest expense, net:				
Interest expense	7,902	1,269	4,267 (3)	13,438
Interest income	(613)	(1)	497 (4)	(117)
Total interest expense, net	----- 7,289 -----	----- 1,268 -----	----- 4,764 -----	----- 13,321 -----
Pretax earnings	45,333	17,679	(7,079)	55,933
Income taxes	15,715	6,865	(2,628) (5)	19,952
Earnings from continuing operations	----- 29,618 -----	----- 10,814 -----	----- (4,451) -----	----- 35,981 -----
Discontinued Operations:				
Provision for Future Losses	(888)	0	0	(888)
Net earnings	----- \$ 28,730 =====	----- \$ 10,814 =====	----- \$ (4,451) =====	----- \$ 35,093 =====
Basic earnings per common share:				
Continuing Operations	\$ 1.35			\$ 1.64
Net Earnings	\$ 1.31			\$ 1.60
Diluted earnings per common share:				
Continuing Operations	\$ 1.33			\$ 1.62
Net Earnings	\$ 1.29			\$ 1.58

Genesco Inc. and Subsidiaries
 Unaudited Pro Forma Combined Consolidated Statements of Earnings
 Three Months Ended May 1, 2004
 In Thousands, except per share amounts

	As Reported Per Form 10-Q -----	Two Months Ended March 31, 2004 Hat World Corporation -----	Pro Forma Adjustments -----	Pro Forma Combined -----
Net sales	\$ 225,526	\$ 32,961		\$258,487
Cost of sales	114,848	14,971		129,819
Selling and administrative expenses	99,230	17,715 (6)	\$ 386 (1)(2)	117,331
Restructuring and other charges, net	146	0		146
Earnings from operations	----- 11,302 -----	----- 275 -----	----- (386) -----	----- 11,191 -----
Interest expense, net:				
Interest expense	2,035	131	684 (3)	2,850
Interest income	(153)		116 (4)	(37)
Total interest expense, net	----- 1,882 -----	----- 131 -----	----- 800 -----	----- 2,813 -----
Pretax earnings	9,420	144	(1,186)	8,378
Income taxes	3,596	858	(450) (5)	4,004
Net earnings (loss)	----- \$ 5,824 =====	----- \$ (714) =====	----- \$ (736) =====	----- \$ 4,374 =====
Basic net earnings per common share	\$ 0.26			\$ 0.20
Diluted net earnings per common share	\$ 0.26			\$ 0.19

GENESCO INC.

Notes to Unaudited Pro Forma Combined Consolidated Statements of Earnings

- (1) Additional rent from lease write-up of \$2,170,000 and \$362,000 for the periods ended January 31, 2004 and May 1, 2004, respectively.
- (2) Amortization of customer list of \$145,000 and \$24,000 for the periods ended January 31, 2004 and May 1, 2004, respectively.
- (3) Incremental interest expense from the \$100.0 million term loan borrowed on April 1, 2004 to fund the acquisition including amortization of deferred financing fees.
- (4) Decrease in interest income from the use of \$67.5 million in cash on hand to fund the acquisition.
- (5) Adjustment to income taxes using the incremental tax rates of 37.12% and 37.94% for the periods ended January 31, 2004 and May 1, 2004, respectively.
- (6) Includes \$2.0 million of non-recurring transaction costs.