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PART I - FINANCIAL INFORMATION

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Balance Sheet
In Thousands

	AUGUST 2, 1997	FEBRUARY 1, 1997	AUGUST 3, 1996
ASSETS			
CURRENT ASSETS			
Cash and short-term investments	\$ 17,624	\$ 43,375	\$ 30,560
Accounts receivable	31,738	30,389	35,389
Inventories	123,466	95,884	94,456
Other current assets	3,817	4,509	3,697
Total current assets	176,645	174,157	164,102
Plant, equipment and capital leases, net	41,378	34,471	30,285
Other noncurrent assets	9,483	9,026	12,102
TOTAL ASSETS	\$ 227,506	\$ 217,654	\$ 206,489
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 54,767	\$ 54,631	\$ 48,679
Current payments on capital leases	479	768	968
Provision for discontinued operations	3,580	3,263	3,894
Total current liabilities	58,826	58,662	53,541
Long-term debt	75,000	75,000	75,000
Capital leases	82	717	1,063
Other long-term liabilities	12,239	11,172	26,887
Provision for discontinued operations	10,784	11,613	12,470
Total liabilities	156,931	157,164	168,961
Contingent liabilities (see Note 7)	-	-	-
SHAREHOLDERS' EQUITY			
Non-redeemable preferred stock	7,938	7,944	7,962
Common shareholders' equity:			
Par value of issued shares	26,141	25,195	25,000
Additional paid-in capital	125,445	122,615	122,139
Accumulated deficit	(71,092)	(77,407)	(91,472)
Minimum pension liability adjustment	-0-	-0-	(8,244)
Treasury shares, at cost	(17,857)	(17,857)	(17,857)
Total shareholders' equity	70,575	60,490	37,528
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 227,506	\$ 217,654	\$ 206,489

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Earnings
In Thousands

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 1997	AUGUST 3, 1996	AUGUST 2, 1997	AUGUST 3, 1996
Net sales	\$ 120,024	\$ 102,955	\$ 234,209	\$ 203,174
Cost of sales	70,896	62,142	137,209	121,773
Selling and administrative expenses	43,108	36,389	86,539	74,195
Restructuring income and other charges, net	(275)	-0-	(275)	-0-
Earnings from operations before other income and expenses	6,295	4,424	10,736	7,206
Other expenses (income):				
Interest expense	2,528	2,541	5,073	5,173
Interest income	(361)	(432)	(777)	(862)
Other expense (income)	(49)	64	64	143
Total other (income) expenses, net	2,118	2,173	4,360	4,454
Earnings before income taxes and discontinued operations	4,177	2,251	6,376	2,752
Income taxes (benefit)	44	28	61	(437)
Earnings before discontinued operations	4,133	2,223	6,315	3,189
Discontinued operations	-0-	(150)	-0-	(150)
NET EARNINGS	\$ 4,133	\$ 2,073	\$ 6,315	\$ 3,039
Earnings per share:				
Earnings before discontinued operations	\$.15	\$.08	\$.23	\$.12
Discontinued operations	\$.00	\$.00	\$.00	\$ (.01)
Net earnings	\$.15	\$.08	\$.23	\$.11

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Cash Flows
In Thousands

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 1997	AUGUST 3, 1996	AUGUST 2, 1997	AUGUST 3, 1996
OPERATIONS:				
Net earnings	\$ 4,133	\$ 2,073	\$ 6,315	\$ 3,039
Noncash charges to earnings:				
Depreciation and amortization	2,279	1,909	4,430	3,757
Provision for deferred income taxes	(687)	-0-	(687)	-0-
Provision for losses on accounts receivable	46	607	1,051	1,601
Impairment of long-lived assets and other charges	831	-0-	831	-0-
Restructuring charge (credit)	(1,106)	-0-	(1,106)	-0-
Provision for discontinued operations	-0-	150	-0-	150
Other	416	166	638	435
Effect on cash of changes in working capital and other assets and liabilities:				
Accounts receivable	(973)	(3,276)	(2,400)	(4,855)
Inventories	(15,275)	(7,838)	(27,582)	(9,527)
Other current assets	509	91	692	620
Accounts payable and accrued liabilities	7,057	5,877	1,515	4,839
Other assets and liabilities	(134)	284	97	759
Net cash provided by (used in) operations	(2,904)	43	(16,206)	818
INVESTING ACTIVITIES:				
Capital expenditures	(6,853)	(3,554)	(12,537)	(5,738)
Proceeds from asset sales	114	8	192	40
Net cash used in investing activities	(6,739)	(3,546)	(12,345)	(5,698)
FINANCING ACTIVITIES:				
Payments on capital leases	(164)	(320)	(924)	(675)
Exercise of stock options and related income tax benefits	1,010	380	3,724	569
Other	-0-	-0-	-0-	(4)
Net cash provided by (used in) financing activities	846	60	2,800	(110)
NET CASH FLOW	(8,797)	(3,443)	(25,751)	(4,990)
Cash and short-term investments at beginning of period	26,421	34,003	43,375	35,550
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	\$ 17,624	\$ 30,560	\$ 17,624	\$ 30,560
SUPPLEMENTAL CASH FLOW INFORMATION:				
Net cash paid (received) for:				
Interest	\$ 4,123	\$ 4,646	\$ 8,560	\$ 8,852
Income taxes	75	8	83	(471)

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, 1996	\$ 7,958	\$ 24,844	\$ 21,715	\$ (94,511)	\$ (17,857)	\$ (8,244)	\$33,905
Exercise of options	-0-	187	455	-0-	-0-	-0-	642
Issue shares - Employee Stock Purchase Plan	-0-	161	399	-0-	-0-	-0-	560
Net earnings	-0-	-0-	-0-	17,104	-0-	-0-	17,104
Minimum pension liability adjustment	-0-	-0-	-0-	-0-	-0-	8,244	8,244
Other	(14)	3	46	-0-	-0-	-0-	35
Balance February 1, 1997	\$ 7,944	\$ 25,195	\$ 122,615	\$ (77,407)	\$ (17,857)	\$ -0-	\$60,490
Net earnings	-0-	-0-	-0-	6,315	-0-	-0-	6,315
Exercise of options	-0-	405	2,632	-0-	-0-	-0-	3,037
Issue shares - litigation settlement	-0-	525	(525)	-0-	-0-	-0-	-0-
Tax effect of exercise of stock options	-0-	-0-	687	-0-	-0-	-0-	687
Other	(6)	16	36	-0-	-0-	-0-	46
BALANCE AUGUST 2, 1997	\$ 7,938	\$ 26,141	\$ 125,445	\$ (71,092)	\$ (17,857)	\$ -0-	\$70,575

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, 1998 ("Fiscal 1998") and of the fiscal year ended February 1, 1997 ("Fiscal 1997"). The results of operations for any interim period are not necessarily indicative of results for the full year. The financial statements should be read in conjunction with the financial statements and notes thereto included in the annual report on Form 10-K.

NATURE OF OPERATIONS

The Company's businesses include the manufacture or sourcing, marketing and distribution of footwear 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 General Shoe Warehouse retail footwear stores.

BASIS OF PRESENTATION

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

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

CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments at February 1, 1997 and August 2, 1997, are short-term investments of \$38.1 million and \$ 8.5 million, 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 are 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 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.

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 February 1, 1997 and August 2, 1997, the Company had approximately \$18.8 million and \$13.6 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 also provides certain former employees with limited medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

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. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

INCOME TAXES

Deferred income taxes are provided for all temporary differences and operating loss and tax credit carryforwards limited, in the case of deferred tax assets, to the amount of taxes recoverable from taxes paid in the current or prior years.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 2
RESTRUCTURING GAIN, ASSET IMPAIRMENT AND OTHER CHARGES

During the second quarter of Fiscal 1998 the Company recorded a restructuring gain of \$1.1 million and losses from an asset impairment and other charges of \$0.8 million resulting in a net gain of \$0.3 million reported in the income statement. The restructuring gain relates to both the Manufacturing Restructuring and a restructuring plan adopted in the third quarter of Fiscal 1995 (the "1995 Restructuring") and relates primarily to the selling of one facility and cancellation of leases on two facilities (including one facility included in the 1995 Restructuring) more quickly and on more favorable terms than contemplated when the reserves were established.

The asset impairment and other charges arose from the decrease in production in one of the Company's western boot plants in response to the continued weakness in the western boot market. The asset impairment and other charges related to excess equipment, including \$0.1 million of equipment covered by operating leases. The Company expects only negligible recovery on the sale of the excess equipment.

NOTE 3
ACCOUNTS RECEIVABLE

IN THOUSANDS	AUGUST 2, 1997	FEBRUARY 1, 1997
Trade accounts receivable	\$ 34,008	\$ 32,721
Miscellaneous receivables	4,065	2,960
Total receivables	38,073	35,681
Allowance for bad debts	(3,899)	(3,353)
Other allowances	(2,436)	(1,939)
NET ACCOUNTS RECEIVABLE	\$ 31,738	\$ 30,389

The Company's footwear wholesaling business sells primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Credit risk is affected by conditions or occurrences within the economy and the retail industry. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. No single customer accounted for more than 6% of the Company's trade receivables balance as of August 2, 1997.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 4
INVENTORIES

IN THOUSANDS	AUGUST 2, 1997	FEBRUARY 1, 1997
Raw materials	\$ 8,506	\$ 8,870
Work in process	3,480	3,333
Finished goods	36,044	29,270
Retail merchandise	75,436	54,411
TOTAL INVENTORIES	\$ 123,466	\$ 95,884

NOTE 5
PLANT, EQUIPMENT AND CAPITAL LEASES, NET

IN THOUSANDS	AUGUST 2, 1997	FEBRUARY 1, 1997
Plant and equipment:		
Land	\$ 272	\$ 241
Buildings and building equipment	2,516	2,552
Machinery, furniture and fixtures	39,162	37,522
Construction in progress	5,198	3,130
Improvements to leased property	46,706	42,734
Capital leases:		
Land	-0-	60
Buildings	1,191	1,904
Machinery, furniture and fixtures	6,856	7,285
Plant, equipment and capital leases, at cost	101,901	95,428
Accumulated depreciation and amortization:		
Plant and equipment	(53,415)	(53,241)
Capital leases	(7,108)	(7,716)
NET PLANT, EQUIPMENT AND CAPITAL LEASES	\$ 41,378	\$ 34,471

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 6
PROVISION FOR DISCONTINUED OPERATIONS AND RESTRUCTURING RESERVES

PROVISION FOR DISCONTINUED OPERATIONS

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER	TOTAL
Balance February 1, 1997	\$13,356	\$ -0-	\$ 1,520	\$14,876
Charges and adjustments, net	(438)	-0-	(74)	(512)
Balance August 2, 1997	12,918	-0-	1,446	14,364
Current portion	2,134	-0-	1,446	3,580
TOTAL NONCURRENT PROVISION FOR DISCONTINUED OPERATIONS	\$10,784	\$ -0-	\$ -0-	\$10,784

RESTRUCTURING RESERVES

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER	TOTAL
Balance February 1, 1997	\$ 672	\$ 1,637	\$ 369	\$ 2,678
Charges and adjustments, net	(487)	(732)	(349)	(1,568)
Balance August 2, 1997	185	905	20	1,110
Current portion (included in accounts payable and accrued liabilities)	185	815	20	1,020
TOTAL NONCURRENT RESTRUCTURING RESERVES (INCLUDED IN OTHER LONG-TERM LIABILITIES)	\$ -0-	\$ 90	\$ -0-	\$ 90

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 7
LEGAL PROCEEDINGS

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 allege that 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.

In March 1997, the Company accepted an offer to settle the Johnstown action for a payment of \$31,000 and is now awaiting entry of an acceptable consent order and dismissal of that action. The Company remains a defendant in the Gloversville action. The environmental authorities have issued decisions selecting plans of remediation with respect to the Gloversville site with a total estimated cost of approximately \$10.0 million.

The Company has filed answers to the complaint in the Gloversville case 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 the Gloversville action.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 7
LEGAL PROCEEDINGS, CONTINUED

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

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 hydrogeological study was completed and submitted to MDEQ in March 1996. Additional studies regarding wastes on-site, groundwater and adjoining lake sediments have been performed and will serve as a basis for the Company's remedial action plan for the site. Although there can be no assurance that MDEQ will not require a more costly remediation than the Company anticipates, the Company does not presently expect that 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 7
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 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 alleged breach of fiduciary duty and fraudulent and negligent misrepresentations and sought damages in excess of \$10 million, costs, attorneys' fees, interest and punitive damages in an unspecified amount.

In April 1997, the parties to the litigation entered into a settlement agreement providing for the issuance of shares of the Company's common stock to the plaintiffs in exchange for dismissal of the lawsuit and the execution of mutual general releases by the parties. The settlement, pursuant to which the Company issued 525,495 shares of stock and the directors and officers liability insurance carrier paid an amount of cash on behalf of the individual officer defendants to the plaintiffs' nominee, was consummated on June 13, 1997.

The Company accounted for the issuance of shares in the settlement, which had a market value of \$6.7 million, as a capital transaction in the second quarter, in the same manner that it accounted for the shares originally issued to the plaintiffs in the 1988 exchange and for an award to dissenting shareholders made in 1993 in a Tennessee dissenter's rights proceeding that arose in connection with the 1988 exchange transaction. These shares of stock were issued in the settlement agreement to recognize the additional value of the preferred stock exchanged by the shareholders resulting from negotiations with the Company and the precedent set by the Tennessee dissenters proceeding. The staff of the Securities and Exchange Commission and the Company are involved in discussions regarding this accounting treatment and the staff is currently expressing the view that the \$6.7 million market value of the shares issued in the settlement should have been expensed. There is a possibility the Company may ultimately revise its financial statements for the appropriate period to reflect a \$6.7 million charge to earnings. Such a revision would have no effect on shareholders equity at August 2, 1997, or on cash flows for any period.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 7
Legal Proceedings, Continued

Other Legal Proceedings

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 presently unable to predict whether the outcome of the litigation will have a material effect on its financial condition or results of operations.

On August 8, 1997, the trustee in bankruptcy of a Texas boot retailer filed an action in Texas state court against the Company and an unrelated boot wholesaler and retail chain alleging violations of a Texas antitrust statute and breach of contract by the Company. The trustee's allegations against the Company involve its decision not to consign additional boot inventories to the bankrupt retailer for its liquidation sale. The complaint seeks damages in an unspecified amount. The Company is presently unable to predict whether the action 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, particularly as it may result in changing buying patterns by customers of the Company's wholesale divisions, the timing and acceptance of products being introduced to the market, international trade developments affecting foreign sourcing of products, the outcome of various litigation and environmental contingencies, including those discussed in Note 7 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 and to deal with changes in markets for the Company's products, including the market for tanned leather used in military footwear. They also include the continuing weakening of the western boot market, which has resulted in declining sales and erosion of the boot division's retail customer base. This weakness has resulted in the Manufacturing Restructuring and the asset impairment and other charges discussed below and, unless reversed, may require further adjustments to manufacturing capacity and other steps designed to reduce costs to a level consistent with lower expected sales. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may further alter its business strategies during Fiscal 1998.

SIGNIFICANT DEVELOPMENTS

Manufacturing Restructuring

In response to the continued weakening of the western boot market, the Company approved a plan (the "Manufacturing Restructuring"), in the third quarter of Fiscal 1997 to realign its manufacturing operations as part of an overall strategy to focus on marketing and global sourcing. The plan included closing the Company's Hohenwald, Tennessee, western boot plant by July 1997, with the elimination of approximately 190 jobs. The plant was closed in April 1997. In connection with the adoption of the plan, the Company recorded a charge to earnings in the third quarter of Fiscal 1997 of \$1.7 million, including \$0.5 million in asset write-downs of the plant and excess equipment to estimated market value and \$1.2 million of other costs. Included in other costs is employee severance, facility shutdown and lease costs of which the Company has spent \$0.6 million through August 2, 1997. After adjustment for the restructuring gain described below, \$0.1 million of other costs remains to be spent.

Restructuring Gain, Asset Impairment and Other Charges

During the second quarter of Fiscal 1998 the Company recorded a restructuring gain of \$1.1 million and losses from an asset impairment and other charges of \$0.8 million resulting in a net gain of \$0.3 million reported in the income statement. The restructuring gain relates to both the Manufacturing Restructuring and a restructuring plan adopted in the third quarter of Fiscal 1995 (the "1995 Restructuring") and relates primarily to the selling of one facility and cancellation of leases on two facilities (including one facility included in the 1995 Restructuring) more quickly and on more favorable terms than contemplated when the reserves were established.

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

The asset impairment and other charges arose from the decrease in production in one of the Company's western boot plants in response to the continued weakness in the western boot market. The asset impairment and other charges related to excess equipment, including \$0.1 million of equipment covered by operating leases. The Company expects only negligible recovery on the sale of the excess equipment.

RESULTS OF OPERATIONS - SECOND QUARTER FISCAL 1998 COMPARED TO FISCAL 1997

The Company's net sales in the second quarter ended August 2, 1997, increased 16.6% from the previous year. Total gross margin for the quarter increased 20.4% and increased as a percentage of net sales from 39.6% to 40.9%. Selling and administrative expenses increased 18.5% and increased as a percentage of net sales from 35.3% to 35.9%. Pretax earnings in the second quarter ended August 2, 1997 were \$4.2 million, compared to pretax earnings of \$2.3 million for the quarter ended August 3, 1996. Pretax earnings for the second quarter ended August 2, 1997 included a net restructuring gain of \$0.3 million. The Company reported net earnings of \$4.1 million (\$0.15 per share) for the second quarter ended August 2, 1997 compared to net earnings of \$2.1 million (\$0.08 per share) in the second quarter ended August 3, 1996.

Footwear Retail

	Three Months Ended		% Change
	Aug. 2, 1997	Aug. 3, 1996	

	(In Thousands)		
Net Sales.....	\$ 79,918	\$ 61,847	29.2%
Operating Income.....	\$ 7,498	\$ 4,244	76.7%
Operating Margin.....	9.4%	6.9%	

Primarily due to increases in comparable store sales of approximately 13% and a 17% increase in average retail stores operated, net sales from footwear retail operations increased 29.2% in the quarter ended August 2, 1997 compared to the previous year. The average price per pair decreased 2% while unit sales increased 32% for the second quarter of Fiscal 1998.

GENESCO INC.
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Management's Discussion and Analysis
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The Company's comparable store sales and store count at the end of the second quarter were as follows:

	Comp Sales	Store Count	
		Aug. 2, 1997	Aug. 3, 1996
Jarman Retail	+3%	147	139
Jarman Lease	+9%	85	81
Journeys	+21%	160	100
Johnston & Murphy (including factory stores)	+15%	123	115
Other Outlet Stores	+14%	41	40
		---	---
Total Retail	+13%	556	475
		===	===

The Jarman Lease comparable store increase was aided by a 4% increase in the average square footage due to remodeling.

Gross margin as a percentage of net sales increased from 48.2% to 48.6%, primarily from changes in product mix. The change in product mix to more branded non-western boots in the Company's boot outlets created less markdowns as a percentage of sales compared to last year. Operating expenses increased 22.9%, primarily due to the 17% increase in average stores operated, which caused increased rent expense, selling salaries and advertising expense. In addition, divisional management expenses increased to support new store growth. Overall operating expenses decreased as a percentage of net sales from 41.2% to 39.2%.

Operating income for the second quarter ended August 2, 1997 was up 76.7% compared to the same period last year due to increased sales, increased margins and the lower expenses as a percentage of sales.

Footwear Wholesale & Manufacturing

	Three Months Ended		% Change
	Aug. 2, 1997	Aug. 3, 1996	
	(In Thousands)		
Net Sales.....	\$ 40,106	\$ 41,108	(2.4)%
Operating Income.....	\$ 1,428	\$ 2,299	(37.9)%
Operating Margin.....	3.6%	5.6%	

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Net sales from footwear wholesale and manufacturing operations were \$1.0 million (2.4%) lower, in the second quarter ended August 2, 1997 than in the same period last year, reflecting primarily the continuing trend of decreased sales of western boots, primarily attributable to lower unit sales and lower tanned leather sales. Tanned leather sales were down due to lower orders from military footwear suppliers, which have been impacted by the continuing decrease in demand for leather military footwear, which makes up the bulk of the Company's tanned leather business.

Gross margin in the second quarter ended August 2, 1997 decreased 6.2%, and decreased as a percentage of net sales from 26.8% to 25.7%, primarily from increased markdowns to stimulate sales principally in the Company's boot division.

Operating expenses increased 5.0% and increased as a percentage of net sales from 21.2% to 22.8%, primarily due to higher divisional administrative expenses to support the expected growth in the branded businesses.

Operating income decreased 37.9%, primarily due to decreased sales of tanned leather and western boots, decreased margins and the higher expenses as a percentage of sales. Operating income for the quarter ended August 2, 1997, includes the \$0.3 million net restructuring gain.

Corporate and Interest Expenses

Corporate and other expenses in the second quarter ended August 2, 1997 were \$2.6 million compared to \$2.2 million for the same period last year, an increase of 18%. The increase in corporate expenses is attributable primarily to increased compensation expense, including performance-related stock based compensation and increased bonus accruals based on the Company's increased earnings.

Interest expense was flat with last year and interest income decreased \$71,000 from last year due to decreased short-term investments. There were no borrowings under the Company's revolving credit facility during the three months ended August 2, 1997 or August 3, 1996.

RESULTS OF OPERATIONS - SIX MONTHS FISCAL 1998 COMPARED TO FISCAL 1997

The Company's net sales for the six months ended August 2, 1997 increased 15.3% from the previous year. Total gross margin for the six months increased 19.2% and increased as a percentage of net sales from 40.1% to 41.4%. Selling and administrative expenses increased 16.6% and increased as a percentage of net sales from 36.5% to 36.9%. Pretax earnings for the six months ended August 2, 1997 were \$6.4 million, compared to pretax earnings of \$2.8 million for the six months ended August 3, 1996. Pretax earnings for the six months ended August 2, 1997 included a net restructuring gain of \$0.3 million. The Company reported net earnings of \$6.3 million (\$0.23

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per share) for the six months ended August 2, 1997 compared to net earnings of \$3.0 million (\$0.11 per share) for the six months ended August 3, 1996, which included a tax credit of \$437,000.

Footwear Retail

	Six Months Ended		% Change
	Aug. 2, 1997	Aug. 3, 1996	
	(In Thousands)		
Net Sales.....	\$ 149,942	\$ 120,882	24.0%
Operating Income.....	\$ 13,256	\$ 7,428	78.5%
Operating Margin.....	8.8%	6.1%	

Primarily due to increases in comparable store sales of approximately 11% and a 14% increase in average retail stores operated, net sales from footwear retail operations increased 24.0% for the six months ended August 2, 1997 compared to the previous year. The average price per pair decreased 1% while unit sales increased 24% for the six months ended August 2, 1997.

The Company's comparable store sales and store count at the end of the six months were as follows:

	Comp Sales	Store Count	
		Aug. 2, 1997	Aug. 3, 1996
Jarman Retail	+3%	147	139
Jarman Lease	+7%	85	81
Journeys	+21%	160	100
Johnston & Murphy (including factory stores)	+13%	123	115
Other Outlet Stores	+10%	41	40
Total Retail	+11%	556	475
		=====	=====

The Jarman Lease comparable store increase was aided by a 4% increase in the average square footage due to remodeling.

Gross margin as a percentage of net sales increased from 48.9% to 49.4%, primarily from changes in product mix. The change in product mix to more branded non-western boots in the Company's boot outlets created less markdowns as a percentage of sales compared to last year. Operating expenses increased 17.8%, primarily due to the 14% increase in average stores operated, which caused increased rent expense, selling salaries and advertising expense. In addition,

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divisional management expenses increased to support new store growth. Overall operating expenses decreased as a percentage of net sales from 42.6% to 40.5%.

Operating income for the six months ended August 2, 1997 was up 78.5% compared to the same period last year due to increased sales, increased margins and the lower expenses as a percentage of sales.

Footwear Wholesale & Manufacturing

	Six Months Ended		% Change
	Aug. 2, 1997	Aug. 3, 1996	

	(In Thousands)		
Net Sales.....	\$ 84,267	\$ 82,292	2.4%
Operating Income.....	\$ 2,581	\$ 3,791	(31.9)%
Operating Margin.....	3.1%	4.6%	

Net sales from footwear wholesale and manufacturing operations were \$2.0 million (2.4%) higher, for the six months ended August 2, 1997 than in the same period last year, reflecting primarily increased men's branded footwear sales, which more than offset lower tanned leather sales and the continuing trend of decreased sales of western boots, primarily attributable to lower unit sales. Tanned leather sales were down due to Department of Defense delays in awarding military footwear contracts and lower orders from military footwear suppliers, which have been impacted by the continuing decrease in demand for leather military footwear, which makes up the bulk of the Company's tanned leather business. The increase in branded sales included sales of new products introduced by the Company's Nautica division.

Gross margin for the six months ended August 2, 1997 increased 3.0%, and increased as a percentage of net sales from 27.1% to 27.2%, primarily from changes in sales mix.

Operating expenses increased 11.4% and increased as a percentage of net sales from 22.5% to 24.5%, primarily due to higher divisional administrative expenses to support the expected growth in the branded businesses and increased royalty expenses, from increased sales and higher royalty rates.

Operating income decreased 31.9%, primarily due to lower earnings in the Company's tanned leather business due to Department of Defense delays in awarding military boot contracts, resulting in delays in orders and lower orders from the division's customers and the impact of lower sales of western boots, and the increase in operating expenses.

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Corporate and Interest Expenses

Corporate and other expenses for the six months ended August 2, 1997 were \$5.2 million compared to \$4.2 million for the same period last year, an increase of 24%. The increase in corporate expenses is attributable primarily to increased compensation expense, including performance-related stock based compensation and increased bonus accruals based on the Company's increased earnings.

Interest expense decreased \$100,000, or 2% from last year, and interest income decreased \$85,000 from last year due to decreased short-term investments. There were no borrowings under the Company's revolving credit facility during the six months ended August 2, 1997 or August 3, 1996.

LIQUIDITY AND CAPITAL RESOURCES

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

	Aug. 2, 1997	Aug. 3, 1996
	-----	-----
Cash and short-term investments.....	\$ 17.6	\$ 30.6
Working capital.....	\$117.8	\$ 110.6
Long-term debt.....	\$ 75.0	\$ 75.0
Current ratio.....	3.0x	3.1x

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 used by operating activities was \$16.2 million in the first six months of Fiscal 1998 compared to \$818,000 provided by operating activities last year. The \$17.0 million reduction in cash flow from operating activities between the first six months of Fiscal 1998 and the first six months of Fiscal 1997 reflects primarily the additional working capital needed to support new store growth. The Company has added a net of 52 stores for the first six months ended August 2, 1997 compared to a net of 12 stores for the same period last year.

A \$27.6 million increase in inventories from February 1, 1997 levels reflected in the Consolidated Cash Flows Statement reflects planned seasonal increases and increases in retail inventory to support the net increase of 52 stores from February 1, 1997. In addition, there were increases in men's branded wholesale inventory to support growth in certain of the wholesale businesses and reflecting the slowdown of reorders by certain key customers in the second quarter. The \$29.0 million increase in inventories compared with August 3, 1996 reflects a 37% increase in retail inventories and a 22% increase in wholesale inventories. The retail inventory increase is primarily

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caused by a net increase of 81 stores from August 3, 1996 and resulting 21% increase in square footage and inventory needed to support the 13% increase in same store sales. The increase wholesale inventories reflects the anticipation of higher sales of certain footwear products and the slowdown of reorders by certain key customers in the second quarter.

As reflected in the Consolidated Cash Flows Statement, accounts receivable at August 2, 1997 increased \$2.4 million compared to February 1, 1997 primarily due to increased sales of men's branded footwear. Accounts receivable at August 2, 1997 were \$3.7 million less than at August 3, 1996, primarily reflecting improved accounts receivable turn and lower wholesale sales in the second quarter.

Cash provided (or used) due to changes in accounts payable and accrued liabilities in the Consolidated Cash Flows Statement at August 2, 1997 and August 3, 1996 is as follows:

(In Thousands)	Six Months Ended	
	Aug. 2, 1997	Aug. 3, 1996
Accounts payable	\$ 7,836	\$ 11,586
Accrued liabilities	(6,321)	(6,747)
	\$ 1,515	\$ 4,839
	=====	=====

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 interest payments on the Company's long-term debt.

There were no revolving credit borrowings during the six months ended August 2, 1997 and August 3, 1996, as cash on hand funded working capital requirements and capital expenditures.

Capital Expenditures

Total capital expenditures in Fiscal 1998 are expected to be approximately \$26.4 million. These include expected retail expenditures of \$18.0 million to open approximately 98 new retail stores and to complete 54 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes are expected to be approximately \$8.4 million including approximately \$5.3 million for new systems to improve customer service and support the Company's growth. During the six months ended August 2, 1997 the Company had \$12.5 million in capital expenditures which included opening 61 new stores and completing 29 major renovations.

Year 2000

The Company has developed a strategy and is currently in the process of developing and implementing a detailed plan to modify its computer software and databases to prevent problems

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related to the Year 2000. As part of the process, the Company expects to replace some systems, such as the systems described above, and to upgrade others. The Company has not yet fully quantified the costs associated with the modifications, but currently expects the Year 2000 assessment will be complete by the end of the third quarter.

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 7 to the Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including provisions of \$150,000 in discontinued operations in fiscal 1997 and \$1,000,000 and \$1,400,000 reflected in fiscal 1996 and 1995, respectively. The Company monitors these proceedings on an ongoing basis and at least quarterly management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a reasonable estimate of the probable loss connected to the proceeding, or in cases in which no reasonable estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts as of the close of the most recent fiscal quarter. Because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, however, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves may not be inadequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

Litigation Settlement

As discussed in Note 7 to the Consolidated Financial Statements, on June 13, 1997 the Company consummated a settlement of a lawsuit by certain preferred shareholders who had challenged the value they received for shares of preferred stock acquired for common stock issued by the Company to the plaintiffs in a 1988 exchange transaction. The settlement included the issuance by the Company to the plaintiffs of 525,495 additional shares of common stock.

The Company accounted for the issuance of shares in the settlement, which had a market value of \$6.7 million, as a capital transaction in the second quarter, in the same manner that it accounted for the shares originally issued to the plaintiffs in the 1988 exchange and for an award to dissenting shareholders made in 1993 in a Tennessee dissenter's rights proceeding that arose in connection with the 1988 exchange transaction. These shares of stock were issued in the settlement agreement to recognize the additional value of the preferred stock exchanged by the shareholders resulting from negotiations with the Company and the precedent set by the Tennessee dissenters proceeding. The staff of the Securities and Exchange Commission and the Company are involved in discussions regarding this accounting treatment and the staff is currently expressing the view that the \$6.7 million market value of the shares issued in the settlement should have been expensed. There is a possibility the Company may ultimately revise its financial statements for the appropriate period to reflect a \$6.7

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million charge to earnings. Such a revision would have no effect on shareholders equity at August 2, 1997, or on cash flows for any period.

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 1998, although the Company may borrow from time to time to support seasonal working capital requirements. The approximately \$4.6 million of costs associated with the 1994 Restructuring, 1995 Restructuring and the Manufacturing 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 \$13.7 million of letters of credit outstanding under the Company's revolving credit agreement at August 2, 1997.

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 August 2, 1997, that pool was in a \$82.0 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 \$300,000. The Company currently has dividend arrearages in the amount of \$1.1 million and is unable to predict when dividends may be reinstated.

Changes in Accounting Principles

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 128, "Earnings Per Share" ("SFAS No. 128") which is effective for financial statements issued for periods ending after December 15, 1997. SFAS No. 128 requires the disclosure of basic and diluted earnings per share. For the second quarter and six months ended August 2, 1997, the amount reported as net income per common and common equivalent share is not materially different from that which would have been reported for basic and diluted earnings per share in accordance with SFAS No. 128. For the year ended February 1, 1997, primary earnings per share were \$.66 and fully diluted earnings per share were \$.65. Had SFAS No. 128 been in effect for the year ended February 1, 1997, basic earnings per share would have been \$.68 and diluted earnings per share would have been \$.66.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

At August 2, 1997 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	\$ 298,880	\$ 21,349	\$ 320,229
\$4.75 Series 3	October 31, 1993	323,672	21,338	345,010
\$4.75 Series 4	October 31, 1993	272,850	19,489	292,339
\$1.50 Subordinated Cumulative Preferred	October 31, 1993	157,589	11,257	168,846
TOTALS		\$1,052,991	\$ 73,433	\$ 1,126,424

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's annual meeting of shareholders held on June 25, 1997, shares representing a total of 25,217,354 votes were outstanding and entitled to vote. At the meeting, shareholders of the Company:

- (1) elected nine directors nominated by the board of directors by the following votes:

	Votes "For"	Votes "Withheld"
David M. Chamberlain	22,056,566	218,412
W. Lipscomb Davis, Jr.	22,054,434	220,544
John Diebold	22,036,610	238,368
Harry D. Garber	22,050,958	224,020
Joel C. Gordon	22,054,125	220,853
Ben T. Harris	21,997,262	277,716
Kathleen Mason	21,989,238	285,740
William A. Williamson, Jr.	22,055,558	219,420
William S. Wire II	21,968,990	305,988
Gary M. Witkin	22,050,664	224,314

- (2) ratified the appointment of Price Waterhouse LLP as independent accountants for the fiscal year ending January 31, 1998 by a vote of 22,071,189 for, 47,659 against, with 156,130 abstentions: and
- (3) ratified the amendment to the Genesco 1996 stock incentive plan by a vote of 15,823,696 for, 6,280,699 against, with 170,583 abstentions.

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)

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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
September 16, 1997

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Earnings Per Common and
Common Share Equivalent

EXHIBIT 11

IN THOUSANDS	THREE MONTHS ENDED				SIX MONTHS ENDED,			
	AUGUST 2, 1997		AUGUST 3, 1996		AUGUST 2, 1997		AUGUST 3, 1996	
	EARNINGS	SHARES	EARNINGS	SHARES	EARNINGS	SHARES	EARNINGS	SHARES
PRIMARY EARNINGS PER SHARE								
Net earnings	\$ 4,133		\$ 2,073		\$ 6,315		\$ 3,039	
Preferred dividend requirements	\$ 75		\$ 76		\$ 150		\$ 151	
Net earnings applicable to common stock and average common shares outstanding	\$ 4,058	25,468	\$ 1,997	24,476	\$ 6,165	25,192	\$ 2,888	24,443
Employees preferred and stock options deemed to be a common stock equivalent		1,681		1,123		1,599		905
Total net earnings PER SHARE	\$ 4,058 \$.15	27,149	\$ 1,997 \$.08	25,599	\$ 6,165 \$.23	26,791	\$ 2,888 \$.11	25,348
FULLY DILUTED EARNINGS PER SHARE								
Net earnings applicable to common stock and average common shares outstanding	\$ 4,058	27,149	\$ 1,997	25,599	\$ 6,165	26,791	\$ 2,888	25,348
Senior securities the conversion of which would dilute earnings per share		126		116		123		140
TOTAL NET EARNINGS PER SHARE	\$ 4,058 \$.15	27,275	\$ 1,997 \$.08	25,715	\$ 6,165 \$.23	26,914	\$ 2,888 \$.11	25,488

All figures in thousands except amount per share.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S SECOND QUARTER FISCAL 1998 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS		
	JAN-31-1998	
	FEB-02-1997	
	AUG-02-1997	9,106
		8,518
		31,572
		3,899
		123,466
	176,645	101,901
		60,523
		227,506
58,826		75,082
	0	7,938
		26,141
		36,496
227,506		234,209
	234,209	137,209
		137,209
		0
		1,718
	5,073	6,376
		61
6,315		0
		0
		0
		6,315
		.23
		.23