
(Mark One) Form 10-Q
 Quarterly Report Pursuant To
 Section 13 or 15(d) of the
 Securities Exchange Act of 1934
 For Quarter Ended
 July 31, 1995

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports with the Commission) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Common Shares Outstanding September 8, 1995 - 24,343,663

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PART I - FINANCIAL INFORMATION

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Balance Sheet
In Thousands

	JULY 31, 1995	JANUARY 31, 1995	JULY 31, 1994
ASSETS			
CURRENT ASSETS			
Cash and short-term investments	\$ 5,388	\$ 10,235	\$ 5,015
Accounts receivable	33,916	32,080	84,796
Inventories	89,427	82,905	153,513
Other current assets	4,133	4,277	7,228
Current assets of operations to be divested	35,482	53,891	-0-
Total current assets	168,346	183,388	250,552
Plant, equipment and capital leases, net			
Plant, equipment and capital leases, net	28,126	28,073	41,177
Goodwill and other intangibles	-0-	-0-	18,517
Other noncurrent assets	13,533	13,773	16,802
Noncurrent assets of operations to be divested	1,629	18,644	-0-
TOTAL ASSETS	\$ 211,634	\$ 243,878	\$ 327,048
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ 3,034	\$ -0-	\$ 3,095
Current payments on capital leases	1,614	2,343	2,375
Accounts payable and accrued liabilities	57,957	61,124	60,714
Provision for discontinued operations	4,806	19,190	5,666
Total current liabilities	67,411	82,657	71,850
Long-term debt			
Long-term debt	75,000	75,000	114,000
Capital leases	2,065	10,057	11,367
Other long-term liabilities	23,310	25,746	33,168
Provision for discontinued operations	14,604	21,025	1,046
Contingent liabilities	-	-	-
SHAREHOLDERS' EQUITY			
Non-redeemable preferred stock	7,944	7,943	7,954
Common shareholders' equity:			
Par value of issued shares	24,832	24,832	24,822
Additional paid-in capital	121,684	121,670	121,634
Accumulated deficit	(104,746)	(104,582)	(26,579)
Minimum pension liability adjustment	(2,613)	(2,613)	(9,964)
Treasury shares, at cost	(17,857)	(17,857)	(17,857)
Foreign currency translation adjustments	-0-	-0-	(4,393)
Total shareholders' equity	29,244	29,393	95,617
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 211,634	\$ 243,878	\$ 327,048

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Earnings
In Thousands

	THREE MONTHS ENDED JULY 31,		SIX MONTHS ENDED JULY 31,	
	1995	1994	1995	1994
Net sales	\$109,600	\$114,166	\$202,825	\$214,387
Cost of sales	67,101	71,279	124,789	133,324
Selling and administrative expenses	37,823	42,034	74,189	80,312
Restructuring charge	2,216	-0-	16,329	-0-
Earnings (loss) from operations before other income and expenses	2,460	853	(12,482)	751
Other expenses (income):				
Interest expense	2,549	3,093	4,777	5,899
Gain on divestiture	-0-	(4,900)	-0-	(4,900)
Other expense (income)	1,090	3	(2,758)	(512)
Total other (income) expenses, net	3,639	(1,804)	2,019	487
Earnings (loss) before income taxes and discontinued operations	(1,179)	2,657	(14,501)	264
Income taxes	6	372	15	513
Earnings (loss) before discontinued operations	(1,185)	2,285	(14,516)	(249)
Discontinued operations:				
Operating loss	-0-	(2,801)	-0-	(2,940)
Excess provision for future losses	1,699	-0-	14,352	-0-
NET EARNINGS (LOSS)	\$ 514	\$ (516)	\$ (164)	\$ (3,189)
Earnings (loss) per common share:				
Before discontinued operations	\$ (.05)	\$.09	\$ (.60)	\$ (.02)
Discontinued operations	\$.07	\$ (.11)	\$.59	\$ (.12)
Net earnings (loss)	\$.02	\$ (.02)	\$ (.01)	\$ (.14)

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	
	JULY 31,		JULY 31,	
	1995	1994	1995	1994
OPERATIONS:				
Net earnings (loss)	\$ 514	\$ (516)	\$ (164)	\$ (3,189)
Noncash charges to earnings:				
Depreciation and amortization	1,751	2,454	3,587	4,947
Restructuring charge	2,216	-0-	16,329	-0-
Excess provision for future losses	(1,699)	-0-	(14,352)	-0-
Gain on divestiture	-0-	(4,900)	-0-	(4,900)
Provision for losses on accounts receivable	192	838	723	1,255
Other	83	535	261	598
Net cash provided by (used in) operations before working capital and other changes	3,057	(1,589)	6,384	(1,289)
Effect on cash of changes in working capital and other assets and liabilities:				
Accounts receivable	1,897	(9,964)	3,534	(20,045)
Inventories	(134)	5,031	3,366	1,607
Other current assets	84	(475)	404	(1,389)
Accounts payable and accrued liabilities	(2,413)	(206)	(8,482)	(2,383)
Other assets and liabilities	402	(269)	(2,327)	1,041
Net cash provided by (used in) operations	2,893	(7,472)	2,879	(22,458)
INVESTING ACTIVITIES:				
Capital expenditures	(2,443)	(1,631)	(3,528)	(3,195)
Proceeds from businesses divested and asset sales	387	1,614	1,490	1,770
Net cash used in investing activities	(2,056)	(17)	(2,038)	(1,425)
FINANCING ACTIVITIES:				
Net borrowings (repayments) under revolving credit agreement	-0-	8,000	-0-	24,000
Net change in short-term borrowings	1,291	1,263	3,034	3,026
Payments on capital leases	(7,964)	(894)	(8,722)	(1,511)
Other	-0-	-0-	-0-	(242)
Net cash provided by (used in) financing activities	(6,673)	8,369	(5,688)	25,273
NET CASH FLOW	(5,836)	880	(4,847)	1,390
Cash and short-term investments at beginning of period	11,224	4,135	10,235	3,625
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	\$ 5,388	\$ 5,015	\$ 5,388	\$ 5,015
SUPPLEMENTAL CASH FLOW INFORMATION:				
Net cash paid (received) for:				
Interest	\$ 225	\$ 814	\$ 4,520	\$ 5,343
Income taxes	(745)	135	(767)	(134)

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
Balance January 31, 1994	\$ 8,064	\$24,793	\$ 121,634	\$ (23,241)
Exercise of options	-0-	2	4	-0-
Translation adjustments:				
Year-to-date adjustments	-0-	-0-	-0-	-0-
Realized in FY 1995 restructuring	-0-	-0-	-0-	-0-
Net loss	-0-	-0-	-0-	(81,192)
Minimum pension liability adjustment	-0-	-0-	-0-	-0-
Other	(121)	37	32	(149)
Balance January 31, 1995	\$ 7,943	\$24,832	\$ 121,670	\$ (104,582)
Net loss	-0-	-0-	-0-	(164)
Other	1	-0-	14	-0-
BALANCE JULY 31, 1995	\$ 7,944	\$24,832	\$ 121,684	\$ (104,746)

	TREASURY STOCK	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	MINIMUM PENSION LIABILITY ADJUSTMENT	TOTAL SHARE- HOLDERS' EQUITY
Balance January 31, 1994	\$ (17,857)	\$ (4,706)	\$ (9,964)	\$ 98,723
Exercise of options	-0-	-0-	-0-	6
Translation adjustments:				
Year-to-date adjustments	-0-	2,136	-0-	2,136
Realized in FY 1995 restructuring	-0-	2,570	-0-	2,570
Net loss	-0-	-0-	-0-	(81,192)
Minimum pension liability adjustment	-0-	-0-	7,351	7,351
Other	-0-	-0-	-0-	(201)
Balance January 31, 1995	\$ (17,857)	\$ -0-	\$ (2,613)	\$ 29,393
Net loss	-0-	-0-	-0-	(164)
Other	-0-	-0-	-0-	15
BALANCE JULY 31, 1995	\$ (17,857)	\$ -0-	\$ (2,613)	\$ 29,244

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, 1996 ("Fiscal 1996") and of the fiscal year ended January 31, 1995 ("Fiscal 1995"). 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.

Certain reclassifications have been made to conform prior years' data to the current presentation. (See Note 2).

BASIS OF CONSOLIDATION

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

INVENTORIES

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

PLANT, EQUIPMENT AND CAPITAL LEASES

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

GOODWILL AND OTHER INTANGIBLES

Goodwill and other intangibles relate solely to operations to be divested and consist primarily of the excess of purchase price over fair value of net assets acquired in acquisitions. The Company periodically assesses the realizability of intangible assets taking into consideration such factors as expected cash flows and operating strategies.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign operations are translated at the exchange rate on the balance sheet date. Income and expenses are translated at the average exchange rates prevailing during the period.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 (principally Dollars and Lira). At January 31, 1995 and July 31, 1995, the Company had approximately \$9.7 million and \$7.1 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 pension plans. For its defined benefit plan, the Company funds at least the minimum amount required by the Employee Retirement Income Security Act. The Company expenses the multiemployer plan contributions required to be funded under collective bargaining agreements.

The Company implemented Statement of Financial Accounting Standards (SFAS) 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" in the first quarter of Fiscal 1994. This statement requires accrual of postretirement benefits such as life insurance and health care over the period the employee provides services to the Company.

ENVIRONMENTAL COSTS

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

INCOME TAXES

Income taxes are accounted for in accordance with SFAS 109, "Accounting for 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
 RESTRUCTURINGS

FISCAL 1995 RESTRUCTURING

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

The 1995 Restructuring provides for the following:

1995 Restructuring Charge

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

1995 Restructuring Provision

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

In connection with the 1995 Restructuring, the Company took a combined charge of \$90.7 million in the third quarter of Fiscal 1995, of which \$22.1 million (the "1995 Restructuring Charge") related to University Brands and Mitre and facility consolidation costs and permanent work force reductions and \$68.6 million (the "1995 Restructuring Provision") related to Greif and GCO Apparel, which constitute the entire men's apparel segment of the Company's business, and is therefore treated for financial reporting purposes as a provision for discontinued operations. No tax benefit is currently available with respect to either the 1995 Restructuring Charge or the 1995 Restructuring Provision.

In the fourth quarter of Fiscal 1995 the 1995 Restructuring Provision was positively adjusted by \$10.5 million reducing the \$68.6 million provision for future losses of discontinued operations to \$58.1 million. The adjustment reflected the favorable consequences of a transfer, not anticipated at the time the provision was recorded, of a licensing agreement for men's apparel to another manufacturer. The transfer resulted in realization of inventory and accounts receivable balances on more favorable terms than anticipated, assumption of piece goods commitments by other manufacturers and cancellation of minimum royalty requirements under the transferred license.

In the first quarter of Fiscal 1996 the Company took an additional restructuring charge of \$14.1 million relating to the 1995 Restructuring. The additional restructuring charge reflected the lowering of anticipated proceeds from the sale of Mitre Sports soccer business. In addition, the 1995 Restructuring Provision was adjusted by an additional reversal of \$12.7 million. The reversal reflected primarily (1) an agreement during the quarter providing for the resolution of a long-term lease liability on terms more favorable than were anticipated when the 1995 Restructuring Provision was established, (2) better than anticipated realization of inventories and accounts receivable as the remaining Greif inventory was liquidated in the first quarter of Fiscal 1996 and (3) lower than anticipated union pension liability, which the pension fund determined and announced to the Company during the quarter.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 2
RESTRUCTURINGS, CONTINUED

In the second quarter of Fiscal 1996 the Company took an additional restructuring charge of \$2.2 million relating to the 1995 Restructuring. This addition to the 1995 Restructuring Charge reflects the actual proceeds received from the sale on August 14, 1995 of the Mitre Sports soccer business. In addition, the Company made an additional positive adjustment of \$1.7 million to the 1995 Restructuring Provision. The adjustment reflects primarily the reversal of reserves in connection with the final settlement of a long-term lease liability, based on the resolution of certain contingencies at the closing of the transaction in the second quarter more favorably than the Company had anticipated and lower than anticipated severance payments.

The transactions provided for in the 1995 Restructuring are substantially complete. The 1995 Restructuring Charge, as adjusted, provided for the elimination of 464 jobs in footwear operations to be divested or consolidated and in staff positions to be eliminated, of which 302 jobs had been eliminated as of July 31, 1995. The divestiture of the University Brands business was completed in February 1995. The operations of The Greif Companies have ceased, its inventories and equipment have been liquidated and its last major remaining long-term lease liability was resolved in June 1995. The Company's GCO Apparel Corporation was sold effective June 9, 1995. The Company's Mitre Sports soccer business was sold effective August 14, 1995 with cash proceeds to the Company of approximately \$19.1 million, including repayment of intercompany balances, subject to the outcome of certain contingencies, principally a post-closing audit. The outcome of these contingencies may require further adjustments to the 1995 Restructuring Charge and Provision. There can be no assurance that variations in the timing of any further adjustments will not affect the results of operations and cash flows of the Company in the third fiscal quarter or that some variations will not be material. While the Company is unable to predict with certainty the extent, if any, to which the aggregate cash proceeds from the 1995 Restructuring will exceed the cash requirements thereof, it currently anticipates that cash proceeds will exceed requirements by approximately \$10 million. Any excess cash will be reinvested in the Company's ongoing businesses. Excess cash requirements, if any, from quarter to quarter during the implementation of the 1995 Restructuring are expected to be funded from cash flow from operations and, if necessary, from revolving credit borrowings.

The operating results of the men's apparel segment prior to the decision to discontinue, classified as discontinued operations in the consolidated earnings statement, are shown below:

	SIX MONTHS ENDED JULY 31,
IN THOUSANDS	1994
Net sales	\$57,198
Cost of sales and expenses	60,138
Pretax loss	(2,940)
Income tax expense (benefit)	-0-
Net Loss	\$ (2,940)

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 2
RESTRUCTURINGS, CONTINUED

Discontinued operations' sales subsequent to the decision to discontinue were \$20.0 million for the six months ended July 31, 1995.

Operating results of stores identified for closure and businesses to be divested pursuant to the 1995 Restructuring and the 1994 Restructuring referred to below are included in the Company's sales, gross margin and selling and administrative expenses. The net operating losses incurred by these operations subsequent to the decision to divest are charged against the restructuring reserves established to provide for such losses. The elimination of these losses from the Company's results of operations for the six months ended July 31, 1995 is presented as other income in the Consolidated Earnings Statement. Such operating losses totalled \$0.9 million for the six months ended July 31, 1995.

FISCAL 1994 RESTRUCTURING

Because of developments in the fourth quarter of Fiscal 1994, the Company changed operating strategies and made a decision to restructure certain of its operations and reassessed the recoverability of certain assets (the "1994 Restructuring"). As a result, the Company recorded a charge of \$29.4 million, of which \$17.1 million related to the men's apparel segment. This charge reflects estimated costs of closing certain manufacturing facilities, effecting permanent work force reductions and closing 58 retail stores. The provision included \$15.8 million in asset write-downs and \$13.6 million of future consolidation costs. The restructuring involved the elimination of approximately 1,200 jobs (20% of the Company's total work force in Fiscal 1994). Included in the \$15.8 million of asset write-downs was \$7.7 million relating to goodwill, of which \$6.9 million related to the LaMar acquisition and \$800,000 related to the Toddler U Inc. acquisition.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 3
ACCOUNTS RECEIVABLE*

IN THOUSANDS	JULY 31, 1995	JANUARY 31, 1995
Trade accounts receivable	\$33,657	\$32,401
Miscellaneous receivables	2,835	2,258
Total receivables	36,492	34,659
Allowance for bad debts	(1,294)	(1,127)
Other allowances	(1,282)	(1,452)
NET ACCOUNTS RECEIVABLE	\$33,916	\$32,080

* Excludes accounts receivable of operations to be divested (see Note 5).

NOTE 4
INVENTORIES*

IN THOUSANDS	JULY 31, 1995	JANUARY 31, 1995
Raw materials	\$ 9,534	\$ 8,856
Work in process	3,612	2,877
Finished goods	23,651	21,992
Retail merchandise	52,630	49,180
TOTAL INVENTORIES	\$89,427	\$82,905

* Excludes inventories of operations to be divested (see Note 5).

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 5
ASSETS OF OPERATIONS TO BE DIVESTED

IN THOUSANDS	JULY 31, 1995		JANUARY 31, 1995	
	DISCONTINUED* OPERATIONS	OTHER** OPERATIONS	TOTALS	
Current assets:				
Accounts receivable	\$ 3,628	\$ 16,975	\$ 20,603	\$ 27,079
Inventory	-0-	14,484	14,484	26,158
Other	-0-	395	395	654
TOTAL CURRENT ASSETS	\$ 3,628	\$ 31,854	\$ 35,482	\$ 53,891
Noncurrent assets:				
Plant and equipment	\$ -0-	\$ 1,611	\$ 1,611	\$ 2,647
Capitalized lease rights	-0-	18	18	299
Goodwill and other intangibles	-0-	-0-	-0-	15,698
TOTAL NONCURRENT ASSETS	\$ -0-	\$ 1,629	\$ 1,629	\$ 18,644

* Includes the assets of The Greif Companies and GCO Apparel Corporation comprising the men's apparel segment (see Note 2).

** Includes the assets of University Brands and Mitre Sports (see Note 2).

NOTE 6
PLANT, EQUIPMENT AND CAPITAL LEASES, NET*

IN THOUSANDS	JULY 31, 1995	JANUARY 31, 1995
Plant and equipment:		
Land	\$ 75	\$ 75
Buildings and building equipment	2,517	2,797
Machinery, furniture and fixtures	32,135	30,682
Construction in progress	1,756	672
Improvements to leased property	37,316	37,776
Capital leases:		
Land	60	60
Buildings	2,126	2,195
Machinery, furniture and fixtures	7,650	7,627
Plant, equipment and capital leases, at cost	83,635	81,884
Accumulated depreciation and amortization:		
Plant and equipment	(49,214)	(48,131)
Capital leases	(6,295)	(5,680)
NET PLANT, EQUIPMENT AND CAPITAL LEASES	\$ 28,126	\$ 28,073

* Excludes plant, equipment and capital leases of operations to be divested (see Note 5).

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 7
PROVISION FOR DISCONTINUED OPERATIONS AND RESTRUCTURING RESERVES

PROVISION FOR DISCONTINUED OPERATIONS

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER CONTRACT LIABILITIES	OTHER	TOTAL
Balance January 31, 1995	\$ 25,134	\$ 9,405	\$ 1,415	\$ 4,261	\$ 40,215
Charges and adjustments, net	(8,311)	(9,229)	74	(3,339)	(20,805)
Balance July 31, 1995	16,823	176	1,489	922	19,410
Current portion	2,219	176	1,489	922	4,806
TOTAL NONCURRENT PROVISION FOR DISCONTINUED OPERATIONS	\$ 14,604	\$ -0-	\$ -0-	\$ -0-	\$ 14,604

RESTRUCTURING RESERVES

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER CONTRACT LIABILITIES	OTHER	TOTAL
Balance January 31, 1995	\$ 3,965	\$ 3,123	\$ 555	\$ 3,112	\$ 10,755
Charges and adjustments, net	(1,788)	(1,235)	694	(1,777)	(4,106)
Balance July 31, 1995	2,177	1,888	1,249	1,335	6,649
Current portion (included in accounts payable and accrued liabilities)	2,177	1,614	1,249	1,332	6,372
TOTAL NONCURRENT RESTRUCTURING RESERVES (INCLUDED IN OTHER LONG-TERM LIABILITIES)	\$ -0-	\$ 274	\$ -0-	\$ 3	\$ 277

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 8
CREDIT FACILITIES

At July 31, 1995, the Company's English subsidiary, Mitre U.K., has a credit facility with a credit limit equal to the lesser of (i) 5,000,000 pounds sterling (approximately \$7,985,000 at July 31, 1995) or (ii) the aggregate of 75 percent of the value of current receivables and 50 percent of the value of inventory of Mitre U.K. The facility, which is guaranteed up to 4,300,000 pounds sterling by Genesco Inc., permits borrowings for working capital of up to 2,000,000 pounds sterling, the issuance of letters of credit of up to 3,500,000 pounds sterling and the issuance of guarantee bonds and indemnities of up to 500,000 pounds sterling. The facility expired in December 1994 and has been extended by an oral agreement through July 31, 1995. The facility was cancelled in connection with the sale of Mitre U.K. as of August 14, 1995.

NOTE 9
LEGAL PROCEEDINGS

Tennessee Environmental Proceedings

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

New York State Environmental Proceedings

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 9
LEGAL PROCEEDINGS, CONTINUED

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

The Company has filed answers to the complaints in both the Johnstown and Gloversville cases denying liability and asserting numerous defenses. The Company has established a provision in the amount of \$1,500,000 to cover its estimated share of future remediation costs. Because of uncertainties related to the ability or willingness of the other defendants, including the municipalities involved, to pay a portion of such costs, the availability of State funding to pay a portion of such 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 any additional liability the Company may incur with respect to either of the Johnstown or Gloversville actions.

Whitehall Environmental Sampling

The Michigan Department of Natural Resources ("MDNR") 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. MDNR 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 MDNR and has been advised by MDNR that no EPA referral is presently contemplated. Neither MDNR nor the EPA has threatened or commenced any enforcement action. In response to the testing data, the Company has submitted a conceptual work plan for approval by MDNR. The plan provides, among other things, for fencing a waste disposal area to reduce the likelihood of human contact with any hazardous substances which may be in the area, installing an erosion barrier along a portion of the shore of White Lake adjoining the facility, and performing additional testing and analysis to determine what additional remediation may be necessary. The Company does not believe that the installation of an erosion barrier and fencing and the additional testing anticipated by the conceptual work plan will have a material effect on its financial condition or results of operations, but is unable to determine whether additional remediation activities, if any, would have a material effect on its financial condition or results of operations.

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NOTE 9
LEGAL PROCEEDINGS, CONTINUED

Preferred Shareholder Action

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

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SIGNIFICANT DEVELOPMENTS

Fiscal 1995 Restructuring

In response to worsening trends in the Company's men's apparel business and in response to a strategic review of its footwear operations, the Company's board of directors, on November 3, 1994, approved a plan (the "1995 Restructuring") designed to focus the Company on its core footwear businesses by selling or liquidating four businesses, two of which constitute its entire men's apparel segment. The ongoing businesses, after implementation of the 1995 Restructuring, include the manufacture or sourcing, marketing and distribution of footwear under the Johnston & Murphy, J. Murphy, Domani, Laredo, Code West, Dockers and Nautica brands, the tanning and distribution of leather by the Volunteer Leather division and the operation of Jarman, Journeys, Johnston & Murphy, J. Murphy, Boot Factory and Factory To You retail footwear stores.

The 1995 Restructuring provides for the following:

1995 Restructuring Charge

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

1995 Restructuring Provision

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

In connection with the 1995 Restructuring, the Company took a combined charge of \$90.7 million in the third quarter of Fiscal 1995, of which \$22.1 million (the "1995 Restructuring Charge") related to University Brands and Mitre and other costs described below and \$68.6 million (the "1995 Restructuring Provision") related to Greif and GCO Apparel, which constitute the entire men's apparel segment of the Company's business, and is therefore treated for financial reporting purposes as a provision for discontinued operations. No tax benefit is currently available with respect to either the 1995 Restructuring Charge or the 1995 Restructuring Provision.

In the fourth quarter of Fiscal 1995 the 1995 Restructuring Provision was positively adjusted by \$10.5 million, reducing the \$68.6 million provision for future losses of discontinued operations to \$58.1 million. The adjustment reflected the favorable consequences of a transfer, not anticipated at the time the provision was recorded, of a licensing agreement for men's apparel to another manufacturer. The transfer resulted in realization of inventory and accounts receivable balances on more favorable terms than anticipated, assumption of piece goods commitments by other manufacturers and cancellation of minimum royalty requirements under the transferred license.

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In the first quarter of Fiscal 1996 the Company took an additional restructuring charge of \$14.1 million relating to the 1995 Restructuring. The additional restructuring charge reflected the lowering of anticipated proceeds from the sale of the Mitre Sports soccer business. In addition, the 1995 Restructuring Provision was adjusted by an additional reversal of \$12.7 million. The reversal reflected primarily (1) an agreement during the quarter providing for the resolution of a long-term lease liability on terms more favorable than were anticipated when the 1995 Restructuring Provision was established, (2) better than anticipated realization of inventories and accounts receivable as the remaining Greif inventory was liquidated in the first quarter of Fiscal 1996 and (3) lower than anticipated union pension liability, which the pension fund determined and announced to the Company during the quarter.

In the second quarter of Fiscal 1996 the Company took an additional restructuring charge of \$2.2 million relating to the 1995 Restructuring. This addition to the 1995 Restructuring Charge reflects the actual proceeds received from the sale on August 14, 1995 of the Mitre Sports soccer business. In addition, the Company made an additional positive adjustment of \$1.7 million to the 1995 Restructuring Provision. The adjustment reflects primarily the reversal of reserves in connection with the final settlement of a long-term lease liability, based on the resolution of certain contingencies at the closing of the transaction in the second quarter more favorably than the Company had anticipated and lower than anticipated severance payments.

The transactions provided for in the 1995 Restructuring are substantially complete. The 1995 Restructuring Charge, as adjusted, provided for the elimination of 464 jobs in footwear operations to be divested or consolidated and in staff positions to be eliminated, of which 302 jobs had been eliminated as of July 31, 1995. The divestiture of the University Brands business was completed in February 1995. The operations of The Greif Companies have ceased, its inventories and equipment have been liquidated and its last major remaining long-term lease liability was resolved in June 1995. The Company's GCO Apparel Corporation was sold effective June 9, 1995. The Company's Mitre Sports soccer business was sold effective August 14, 1995 with cash proceeds to the Company of approximately \$19.1 million, including repayment of intercompany balances, subject to the outcome of certain contingencies, principally a post-closing audit. The outcome of these contingencies may require further adjustments to the 1995 Restructuring Charge and Provision. There can be no assurance that variations in the timing of any further adjustments will not affect the results of operations and cash flows of the Company in the third fiscal quarter or that some variations will not be material. While the Company is unable to predict with certainty the extent, if any, to which the aggregate cash proceeds from the 1995 Restructuring will exceed the cash requirements thereof, it currently anticipates that cash proceeds will exceed requirements by approximately \$10 million. Any excess cash will be reinvested in the Company's ongoing businesses. Excess cash requirements, if any, from quarter to quarter during the implementation of the 1995 Restructuring are expected to be funded from cash flow from operations and, if necessary, from revolving credit borrowings.

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RESULTS OF OPERATIONS - SECOND QUARTER FISCAL 1996 COMPARED TO FISCAL 1995

The Company's net sales from continuing operations in the second quarter ended July 31, 1995 decreased 4.0% from the previous year reflecting primarily lower sales from the operations divested as part of the 1995 Restructuring. Net sales from ongoing operations increased 3.8% from the previous year. Total gross margin for the quarter decreased .9% but increased as a percentage of net sales from 37.6% to 38.8%. Selling and administrative expenses decreased 10.0% and decreased as a percentage of net sales from 36.8% to 34.5%. The pretax loss in the second quarter ended July 31, 1995 was \$1,179,000, compared to pretax earnings of \$2,657,000 for the quarter ended July 31, 1994. The pretax loss for the second quarter ended July 31, 1995 includes the \$2.2 million increase in the 1995 Restructuring Charge. Last year's pretax earnings includes the recognition of \$4.9 million of additional gain on the sale in 1987 of the Company's Canadian operations following the settlement in the second quarter of Fiscal 1995 of certain claims arising out of that transaction. The Company reported net earnings of \$514,000 (\$0.02 per share) for the second quarter ended July 31, 1995 compared to a net loss of \$516,000 (\$0.02 per share) in the second quarter ended July 31, 1994. The second quarter ended July 31, 1995 net earnings includes, in addition to the 1995 Restructuring Charge adjustment, the positive adjustment of \$1.7 million to the 1995 Restructuring Provision. See Note 2 to the Consolidated Financial Statements and "Significant Developments - Fiscal 1995 Restructuring."

Footwear Retail

	Three Months Ended July 31,		% Change
	1995	1994	
	----- (In Thousands) -----		
Net Sales	\$54,581	\$52,999	3.0%
Operating Income	\$ 2,979	\$ 2,104	41.6%
Operating Margin	5.5%	4.0%	

Primarily due to an increase in comparable store sales of approximately 5%, net sales from footwear retail operations increased 3% in the quarter ended July 31, 1995 compared to the previous year, despite the operation of 4% fewer stores in the second quarter ended July 31, 1995. As part of a restructuring plan adopted in the fourth quarter of Fiscal 1994 (the "1994 Restructuring"), the Company completed the closing of 7 retail stores in the second quarter of last fiscal year, which resulted in increased discounting. Consequently, the average price per pair in the quarter ended July 31, 1995 increased 8% as compared to the same period last year, while unit sales were down 4%.

Gross margin as a percentage of net sales decreased from 50.7% to 49.0%, primarily from price pressures on branded products as well as increased markdowns to stimulate sales in the Company's boot outlets. Operating

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expenses decreased 5.3%, primarily due to the operation of fewer stores as a result of the 1994 Restructuring and other store closings (see Note 2 to the Consolidated Financial Statements) and decreased as a percentage of net sales from 47.4% to 43.5%. In addition to the operation of fewer stores, expenses are down due to job eliminations as part of the 1995 Restructuring and lower selling salaries and advertising expenses.

The increase in operating income in the second quarter ended July 31, 1995 compared to the same period last year was due to sales growth and a decrease in operating expenses.

Footwear Wholesale & Manufacturing

	Three Months Ended July 31,		% Change
	1995	1994	

	(In Thousands)		
Net Sales	\$ 55,019	\$61,167	(10.1)%
Operating Income before Restructuring Charges	\$ 2,710	\$ 2,742	(1.2)%
Restructuring Charges	\$ 2,216	\$ -0-	100.0%
Operating Income	\$ 494	\$ 2,742	(82.0)%
Operating Margin	0.9%	4.5%	

Net sales from footwear wholesale and manufacturing operations were \$6.1 million (10.1%) lower in the second quarter ended July 31, 1995 than in the same period last year, reflecting primarily lower sales from the operations divested as part of the 1995 Restructuring. Sales from ongoing operations were up 4.6%, reflecting primarily increased tanned leather sales and men's branded footwear sales, which more than offset decreased sales of western boots, primarily attributable to lower selling prices.

Gross margin as a percentage of net sales increased from 26.2% to 28.6% primarily from improved overhead absorption due to the closing of a footwear plant in February as part of the 1995 Restructuring.

Operating expenses decreased 12.3% and decreased as a percentage of net sales from 22.3% to 21.7%, primarily because of the lower sales in operations to be divested, the sale of University Brands in January 1995 and job eliminations as part of the 1995 Restructuring.

The increase in operating income from ongoing operations before Restructuring Charge excluding \$1,027,000 of divested operating income for the three months ended July 31, 1994 is due primarily to increased sales of tanned leather and improvements in gross margin and expense reductions due to the 1995 Restructuring.

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The net sales and operating income before Restructuring Provision for the three months ended July 31, 1994 of the University Brands and Mitre Sports businesses that are being disposed of in the 1995 Restructuring were \$26,542,000 and \$1,027,000, respectively. The operating results subsequent to October 31, 1994 have been charged against the Restructuring Provision.

Discontinued Operations

On November 3, 1994, in response to worsening trends in the Company's men's apparel business, the Company's board of directors approved a plan to exit the men's apparel business. See "Significant Developments-Fiscal 1995 Restructuring" and Note 2 to the Consolidated Financial Statements for information regarding the discontinuation of this business segment. Net sales and operating loss of the men's apparel segment for the three months ended July 31, 1994, which was prior to the decision to discontinue, were \$26.8 million and \$2.8 million, respectively.

Corporate and Interest Expenses

Corporate and other expenses in the three months ended July 31, 1995 were \$2.1 million, compared to \$4.0 million last year, a decrease of approximately 47%. Included in last year's corporate and other expenses is a \$700,000 provision for environmental litigation. The decrease in corporate expenses, excluding the provision for environmental litigation, is attributable primarily to lower professional fees and to lower compensation expenses due to layoffs related to the Restructurings and to other staff reductions.

Interest expense decreased \$544,000, or 18%, from last year, because of a decrease in borrowings. Borrowings under the Company's Revolving Credit Facility during the three months ended July 31, 1995 averaged \$44,000 compared to average borrowings of \$34.5 million last year.

Other Income

Operating results of stores identified for closure and businesses to be divested pursuant to the 1994 and 1995 Restructurings are included in the Company's sales, cost of sales and selling and administrative expenses. The net operating losses or gains incurred by these operations subsequent to the decision to divest are charged against the restructuring reserves established to provide for such losses or gains. The elimination of these gains from the Company's results of operations for the three months ended July 31, 1995 is presented as an other expense in the Consolidated Earnings Statement. Such operating gains totalled \$1.1 million for the three months ended July 31, 1995.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JULY 31 FISCAL 1996 COMPARED TO FISCAL 1995

The Company's net sales from continuing operations for the six months ended July 31, 1995 decreased 5.4% from the previous year reflecting primarily lower sales from the operations divested as part of the 1995 Restructuring. Net sales from ongoing operations increased 1.7% from the previous year. Total gross margin for the six months decreased 3.7% but increased as a percentage

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of net sales from 37.8% to 38.5%. Selling and administrative expenses decreased 7.6% and decreased as a percentage of net sales from 37.5% to 36.6%. The pretax loss in the six months ended July 31, 1995 was \$14.5 million, compared to pretax earnings of \$264,000 for the six months ended July 31, 1994. The pretax loss for the six months ended July 31, 1995 includes a \$16.3 million increase in the 1995 Restructuring Charge and recognition of a \$1.8 million gain from the favorable resolution of a claim relating to import duties. Included in last year's pretax earnings is the recognition of \$4.9 million of additional gain on the sale in 1987 of the Company's Canadian operations following the settlement in the second quarter of certain claims arising out of that transaction. The Company reported a net loss of \$164,000 (\$0.01 per share) for the six months ended July 31, 1995 compared to a net loss of \$3.2 million (\$0.14 per share) in the six months ended July 31, 1994. The six months ended July 31, 1995 net loss includes, in addition to the 1995 Restructuring Charge adjustment, a positive adjustment of \$14.4 million to the 1995 Restructuring Provision. See Note 2 to the Consolidated Financial Statements and "Significant Developments - Fiscal 1995 Restructuring."

Footwear Retail

	Six Months Ended July 31,		% Change
	1995	1994	
	-----		-----
	(In Thousands)		
Net Sales	\$102,339	\$100,771	1.6%
Operating Income	\$ 4,200	\$ 3,412	23.1%
Operating Margin	4.1%	3.4%	

Primarily due to an increase in comparable store sales of approximately 5%, net sales from footwear retail operations increased 1.6% in the six months ended July 31, 1995 compared to the previous year even though the Company operated 5% fewer stores in the six months ended July 31, 1995. As part of the 1994 Restructuring, the Company completed the closing of 34 retail stores in the first six months of last fiscal year, which resulted in increased discounting. Consequently, the average price per pair increased 10% in the first half this year, while unit sales were down 7% as compared to the same period last year.

Gross margin as a percentage of net sales decreased from 51.1% to 49.5%, primarily from price pressures on branded products as well as increased markdowns to stimulate sales in the Company's boot outlets. Operating expenses decreased 4.7%, primarily due to the operation of fewer stores as a result of the 1994 Restructuring (see Note 2 to the Consolidated Financial Statements) and decreased as a percentage of net sales from 48.5% to 45.6%. In addition to the operation of fewer stores, expenses are down due to job eliminations as part of the 1995 Restructuring and lower selling salaries and advertising expenses.

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The increase in operating income in the six months ended July 31, 1995 compared to the same period last year was due to sales growth and a decrease in operating expenses.

Footwear Wholesale & Manufacturing

	Six Months Ended July 31,		% Change
	1995	1994	
	(In Thousands)		
Net Sales	\$ 100,486	\$113,616	(11.6)%
Operating Income before Restructuring Charges	\$ 6,507	\$ 4,667	39.4%
Restructuring Charges	\$ 16,329	\$ -0-	100.0%
Operating Income	\$ (9,822)	\$ 4,667	
Operating Margin	(9.8)%	4.1%	

Net sales from footwear wholesale and manufacturing operations were \$13.1 million (11.6%) lower in the six months ended July 31, 1995 than in the same period last year, reflecting lower sales from the operations divested as part of the 1995 Restructuring. Sales from ongoing operations were up 1.6%, reflecting primarily increased tanned leather and men's branded footwear sales, which more than offset decreased sales of western boots, primarily attributable to lower selling prices.

Gross margin as a percentage of net sales increased from 26.0% to 27.3% primarily from improved overhead absorption due to the closing of a footwear plant in February 1995 as part of the 1995 Restructuring.

Operating expenses decreased 7.2% but increased as a percentage of net sales from 22.3% to 23.4%, primarily because of the lower sales in operations to be divested, the sale of University Brands in January 1995 and job eliminations as part of the 1995 Restructuring.

Included in the operating income from ongoing operations before Restructuring Charge for the six months ended July 31, 1995 is a one-time gain of \$1.8 million from the favorable resolution of a claim relating to import duties. The increase in operating income before Restructuring Charge and the import duty claim excluding \$1.2 million of divested operating income for the six months ended July 31, 1994 is due primarily to increased sales of tanned leather and men's branded products and improvements in gross margin and expense reductions due to the 1995 Restructuring.

The net sales and operating income before Restructuring Provision for the six months ended July 31, 1994 of the University Brands and Mitre Sports businesses that are being disposed of in the 1995 Restructuring were \$43.4 million and \$1.2 million, respectively. The operating results subsequent to October 31, 1994 have been charged against the Restructuring Provision.

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 Discontinued Operations

On November 3, 1994, in response to worsening trends in the Company's men's apparel business, the Company's board of directors approved a plan to exit the men's apparel business. See "Significant Developments-Fiscal 1995 Restructuring" and Note 2 to the Consolidated Financial Statements for information regarding the discontinuation of this business segment. Net sales and operating loss of the men's apparel segment for the six months ended July 31, 1994, which was prior to the decision to discontinue, were \$57.2 million and \$2.9 million, respectively.

Corporate and Interest Expenses

Corporate and other expenses in the first six months ended July 31, 1995 were \$4.1 million, compared to \$6.8 million last year, a decrease of approximately 40%. Included in last year's corporate and other expenses is a \$700,000 provision for environmental litigation. The decrease in corporate expenses, excluding the provision for environmental litigation, is attributable primarily to lower professional fees and to lower compensation expenses due to layoffs related to the Restructurings and to other staff reductions.

Interest expense decreased \$1,122,000, or 19%, from last year, because of a decrease in borrowings. Borrowings under the Company's Revolving Credit Facility averaged \$22,000 during the six months ended July 31, 1995 compared to \$29.1 million last year.

Other Income

Operating results of stores identified for closure and businesses to be divested pursuant to the 1994 and 1995 Restructurings are included in the Company's sales, cost of sales and selling and administrative expenses. The net operating losses incurred by these operations subsequent to the decision to divest are charged against the restructuring reserves established to provide for such losses. The elimination of these losses from the Company's results of operations for the six months ended July 31, 1995 is presented as other income in the Consolidated Earnings Statement. Such operating losses totalled \$0.9 million for the six months ended July 31, 1995. Also included in other income for the six months ended July 31, 1995 is a \$1.8 million gain from the favorable resolution of a claim relating to import duties.

LIQUIDITY AND CAPITAL RESOURCES

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

	July 31,	
	1995	1994
Cash and short-term investments	\$ 5.4	\$ 5.0
Working capital	\$100.9	\$178.7
Long-term debt (includes current maturities)	\$ 75.0	\$114.0
Current ratio	2.5x	3.5x

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Working Capital

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

Cash provided by operating activities was \$2.9 million in the first six months of Fiscal 1996 compared to \$22.5 million used by operating activities for the same period last year. The \$25.4 million improvement in cash flow from operating activities between the first six months of Fiscal 1996 and the first six months of Fiscal 1995 reflects primarily cash inflows from the liquidation of assets included in the 1995 Restructuring and lower seasonal requirements from the disposition of businesses included in the 1995 Restructuring.

A \$3.4 million decrease in inventories from January 31, 1995 levels reflected in the Consolidated Statement of Cash Flows was due primarily to liquidation of inventories in connection with the 1995 Restructuring, which more than offset planned seasonal increases, while the \$4.9 million decrease in ongoing inventories compared with July 31, 1994 reflects lower inventory levels in the Company's boot business.

As reflected in the Consolidated Statement of Cash Flows, accounts receivable at July 31, 1995 decreased \$3.5 million compared to January 31, 1995, primarily from collection of receivables in the operations being divested in the 1995 Restructuring. Ongoing accounts receivable at July 31, 1995 were \$1.2 million greater than at July 31, 1994, primarily due to increased sales in men's branded footwear and tanned leather and extended terms to meet competitive pressures.

Cash provided (or used) due to changes in accounts payable and accrued liabilities in the Consolidated Statement of Cash Flows at July 31, 1995 and 1994 is as follows:

(In Thousands)	Six Months Ended July 31,	
	1995	1994
Accounts payable	\$ 1,872	\$ 1,066
Accrued liabilities	(10,354)	(3,449)
	-----	-----
	\$ (8,482)	\$ (2,383)
	=====	=====

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 severance costs and liabilities related to the Restructurings.

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There were only minimal revolving credit borrowings during the six months ended July 31, 1995 as cash generated from the 1995 Restructuring more than offset seasonal working capital increases in the remaining operations. Revolving credit agreement borrowings increased by \$24 million during the six months ended July 31, 1994 to finance seasonal working capital increases, to finance operations and to fund approximately \$4.1 million of costs associated with the Company's 1994 Restructuring.

Capital Expenditures

Total capital expenditures in Fiscal 1996 are expected to be approximately \$8.0 million of which the Company has spent \$3.5 million for the six months ended July 31, 1995. These include expected retail expenditures of \$4.1 million to open approximately 22 new retail stores and to complete 31 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes are expected to be approximately \$3.9 million.

Future Capital Needs

The Company expects that cash provided by operations and by the sale of assets employed in operations to be divested pursuant to the 1995 Restructuring will be sufficient to fund all of its capital expenditures through Fiscal 1996. The approximately \$11.2 million of costs associated with the 1994 Restructuring and the 1995 Restructuring that are expected to be incurred during the next 12 months are expected to be fully offset by cash inflows from sales of assets employed in operations to be divested pursuant to the 1995 Restructuring.

The Company believes it will be able to comply with the financial covenants contained in its revolving credit agreement, as amended as of October 31, 1994, and that the commitments under that agreement will be adequate to meet the Company's credit needs for Fiscal 1996. However, the financial covenants contained in the revolving credit agreement are restrictive and the Company is considering various alternatives in meeting its credit needs, including the negotiation of a new revolving credit facility to replace the existing one.

There were \$12.8 million of letters of credit outstanding under the revolving credit agreement at July 31, 1995.

The restricted payments covenant contained in the Company's revolving credit agreement and restricted payment covenant 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. The aggregate of annual dividend requirements on the Company's Subordinated Serial Preferred Stock, \$2.30 Series 1, \$4.75 Series 3 and \$4.75 Series 4, and on its \$1.50 Subordinated Cumulative Preferred Stock is \$302,000. The Company is unable to predict when dividends may be reinstated.

PART II - OTHER INFORMATION

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

At July 31, 1995 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	\$128,511	\$ 21,409	\$149,920
\$4.75 Series 3	October 31, 1993	139,878	23,313	163,191
\$4.75 Series 4	October 31, 1993	116,935	19,490	136,425
\$1.50 Subordinated Cumulative Preferred	October 31, 1993	67,464	11,256	78,720
TOTALS		\$452,788	\$ 75,468	\$528,256

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

At the Company's annual meeting of shareholders held on June 28, 1995, shares representing a total of 24,546,902 votes were outstanding and entitled to vote. At the meeting, shareholders of the Company:

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

	Votes "For"	Votes "Withheld"
David M. Chamberlain	20,045,573	729,539
W. Lipscomb Davis, Jr.	20,042,128	732,984
John Diebold	20,019,527	755,585
Harry D. Garber	19,942,241	832,871
Joel C. Gordon	20,055,632	719,480
William A. Williamson, Jr.	20,058,404	716,708
William S. Wire II	19,861,651	913,461

- (2) ratified the appointment of Price Waterhouse LLP as independent accountants for the fiscal year ending January 31, 1996 by a vote of 20,145,784 for, 397,729 against, with 231,599 abstentions: and
- (3) ratified employee stock purchase plan by a vote of 19,389,073 for, 1,062,590 against, with 323,449 abstentions: and
- (4) defeated a shareholder proposal requesting the board to take steps to provide for cumulative voting in the election of directors by a vote of 4,337,983 for, 8,225,729 against, with 544,623 abstentions and 7,666,777 not voted: and
- (5) defeated a shareholder proposal regarding the repealing of the Company's Shareholder Rights Plan by a vote of 4,484,037 for, 8,089,880 against, with 534,418 abstentions and 7,666,777 not voted.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

- (10) z. Asset Purchase Agreement dated as of August 11, 1995 between the Company and Pentland Sports Group, LTD.
- aa. Share Purchase Agreement dated as of August 14, 1995 between the Company and Pentland Industries Limited.
- (11) Computation of earnings per common and common share equivalent.
- (27) Financial Data Schedule (for SEC use only)

REPORTS ON FORM 8-K
None

SIGNATURE

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

Genesco Inc.

/s/ James S. Gulmi

James S. Gulmi
Chief Financial Officer
September 14, 1995

LLFB
8/11/95
Execution Copy

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into as of the 11th day of August, 1995, between PENTLAND SPORTS GROUP, LTD., a Delaware corporation ("Purchaser"), and GENESCO INC., a Tennessee corporation ("Seller").

W I T N E S S E T H:

WHEREAS, Purchaser desires to acquire from Seller, and Seller desires to transfer to Purchaser, certain of the assets, properties and business used or useful in the Seller's Mitre Sports (US) Division which conducts its business in the United States of America, its territories and possessions, Canada and Mexico (the "Mitre Business"), upon the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the parties agree as follows:

SECTION 1. Transactions on Closing Date

In accordance with the terms of this Agreement and upon satisfaction of the closing conditions set forth in Sections 6 and 7, the parties agree to consummate, on the Closing Date (as defined in Section 2), the following transactions:

1.1 Sale and Purchase of Assets. (a) Subject to the terms and conditions set forth in this Agreement and on the basis of and in reliance upon the representations, warranties, obligations and agreements set forth in this Agreement, on the Closing Date, effective as of August 11th, 1995, Seller shall sell, assign, transfer, convey and deliver to Purchaser and Purchaser shall purchase, acquire and accept those of Seller's assets and properties, as each of the foregoing shall exist on the Closing Date and as set forth in Section 1.1(b) herein (the "Assets"), free and clear of all liens, charges and encumbrances.

(b) The Assets to be conveyed to Purchaser are all the assets and properties which are owned by Seller and used or useful exclusively in the Mitre Business on the Closing Date, which shall include, and be limited to:

(i) All inventories, materials and supplies of or relating to the Mitre Business, including, without limitation, raw materials, work in process, and finished goods (including those in the possession of suppliers and those in transit) which are listed in an inventory report to be delivered by Seller to Purchaser at the Closing (the "Inventory Report");

(ii) All the Seller's rights, claims and interests to and with respect to any pending or executory contracts (other than those relating to employees and independent sales representatives) relating to the Mitre Business and the Assets, including the purchase of materials, supplies and services, the sale of products or services and rights and claims and interests of every kind, including, without limitation, sales orders, service contracts, supply contracts, purchase orders, commitments, licenses, permits, instruments, and other documents to which Seller is a party or by which it has rights, in each case to the extent they relate to the Mitre Business, are assignable to Purchaser and are listed on Schedule 1.1(b)(ii) hereto. Purchaser assumes all liabilities of Seller set forth in such contracts (except as specifically excluded herein) and agrees to indemnify and hold harmless Seller from the same;

(iii) Those fixed assets used in the Mitre Business and listed in Schedule 1.1(b)(iii) attached hereto;

(iv) All records, files and papers relating exclusively to the Mitre Business and the Assets, wherever located, including, without limitation, any drawings, engineering information, P.C. computer programs (to the extent not prohibited) and manuals and data, catalogues, slogans, quotations, sales and advertising materials, sales and purchase correspondence, trade association memberships, if any, in the name of the Seller, research and development records, lists of present and former customers and suppliers, customer credit information, customer pricing information, business plans and personnel, employment and other records relating to the Assets or the Mitre Business now or heretofore conducted by Seller (Seller may retain copies of all such records, files and papers);

(v) All of Seller's rights under or pursuant to all warranties, representations and guarantees made by suppliers in connection with products or services furnished to Seller for use in the Mitre Business in connection with the Assets to the extent such warranties and guarantees are transferable and to the extent Purchaser has assumed the related liability;

(vi) All of Seller's interest in the trade names and slogans used in the Mitre Business, including, without limitation, those listed in Schedule 1.1(b)(vi) attached hereto, and any variations or transliteration of such names;

(vii) All of Seller's rights and interest in and to any licenses, license agreements, permits, patents, copyrights, tradenames, trademarks, trademark registration applications (including all reissues, divisions, continuations and extensions thereof), patent applications, and patent disclosures docketed and used in the Mitre Business and listed in Schedule 1(b)(vii).

(viii) The operation of the Mitre Business and all intangible property and rights of Seller directly applicable to the Mitre Business, including goodwill.

1.2 Retention of Liabilities by Seller and Assumption of Letter of Credit Liability and Purchase Orders by Purchaser.

(a) Notwithstanding the Closing and transfer of the assets to the Purchaser, and except as set forth in Section 1.2(b) below, Seller shall remain responsible for payment of and shall fully and timely pay (i) all its liabilities, actual or contingent, with respect to the Assets and the Mitre Business, including, without limitation, (a) claims, actual or contingent, arising out of events prior to the Closing Date, including the sale of goods from inventory of the Mitre Business manufactured and sold prior to the Closing Date, (b) claims relating to Seller's default or breach of representation or warranty of or relating to any of the Assets described in subclauses (i) and (ii) of Section 1.1(b) claims, if any, for severance or termination payments to hourly or salaried employees, or any payments of any kind, due or which may become due, to sales representatives, resulting from the sale of the Mitre Business to the Purchaser, pursuant to this Agreement.

(b) Obligations under the contracts as set forth in Section 1.1(b)(ii) shall be assumed by Purchaser, which includes all purchase orders described in Schedules 1.3(b)(A) and 1.3(b)(B).

1.3 Payments, Adjustment thereof and Retention.

(a) The price to be paid for the Assets acquired pursuant to Section 1.1 hereof (the "Purchase Price") shall be an amount equal to the aggregate of:

(i) 62.5% of the Value (as defined in Section 3.12) of the inventory identified on the Inventory Report delivered pursuant to Section 1.1(b)(i) hereof which has been paid for ($\$6,609,316 \times .625 = \$4,130,823$), plus;

(ii) the agreed value of all fixed Assets in accordance with the schedules attached hereto (\$134,395).

(b) The Purchase Price as determined in accordance with Section 1.3(a), shall be reduced by:

(i) the sum of \$179,758 being 25% of the aggregate amounts open and not drawn on or after the Closing Date under the Letters of Credit listed on Schedule 1.3 and purchase orders listed on Schedule 1.3(b)(A) (whether or not included in inventory) provided that if the aggregate amount actually drawn on the letters of credit listed on Schedule 1.3 and the purchase orders listed on Schedule 1.3(b)(A) is less than the aggregate amounts thereof reflected on said Schedules, Purchaser shall forthwith refund Seller an amount calculated on the formula $(B - A)/B \times \$179,758$ where A is the amount actually drawn and B is the aggregate amount reflected on said Schedules and furnish Seller with an accounting reflecting the said computation; and

(ii) the sum of \$13,900 with respect to the purchase orders listed on Schedule 1.3(b)(B); and

(iii) the sum of \$225,000 with respect to return of inventory related to sales made by Seller prior to Closing Date, which sales are reflected as open accounts receivable on Seller's books on the Closing Date.

Seller and Purchaser each represent, warrant, covenant, and agree with each other that, for tax purposes, the Purchase Price shall be allocated among the Assets pursuant to Section 1060 of the Internal Revenue Code of 1986, as amended, and that all income tax returns and reports shall be filed consistent with such allocation.

(c) At the Closing, the Purchaser shall cause (i) the Purchase Price specified in Section 1.3(a) hereof (less \$750,000) to be paid to the Seller by wire transfer in immediately available funds; and (ii) the sum of \$750,000 (the "Retention") to be paid into the Escrow Account (as hereafter defined).

(d) The parties shall, within twenty-one (21) days of the Closing review the Schedules of Assets for accuracy as to the number and Value (as defined in Section 3.12) of the Assets. Any undisputed amounts at the end of twenty-one (21) days shall be paid immediately to Seller out of the Escrow Account. In the event that the Schedules have to be adjusted, based solely on number or to reflect Value, an amount equal to the difference between the total dollar amount on the Schedules as attached hereto and the total dollar amount on the Schedules, as adjusted (the "Shortfall"), shall be paid to the Purchaser (together with all interest accrued thereon) from the Escrow Account upon the determination of the Shortfall and the balance, if any, shall be paid to the Seller. In the event the Shortfall exceeds \$750,000, Seller shall pay the amount of such excess to Purchaser on demand. In the event it is agreed (or determined) that the Schedules, as adjusted, reflect an aggregate amount greater than the aggregate dollar amount on the Schedules (the "Excess"), the entire Escrow Account shall be delivered to Seller and Purchaser shall pay the Seller the excess on demand. In the event the parties are unable to agree within sixty (60) days of date hereof on the Shortfall or the Excess, any undisputed amounts shall be released from the Escrow Account and the dispute between the parties shall be resolved by informal arbitration in Atlanta by the senior partner for the time being of the Atlanta office of Ernst & Young whose decision shall be final and binding on the parties.

(e) The Retention shall be paid into a designated interest-bearing account with Chemical Bank, 270 Park Avenue, New York, New York in the joint names of the Seller's counsel and the Purchaser's counsel (the "Escrow Account") immediately after Closing and the Retention (together with interest accrued thereon) shall be applied in accordance with the provisions of this paragraph.

(f) The Retention shall be held in the Escrow Account until the determination of the Shortfall.

(g) The Seller and the Purchaser shall promptly give to the Seller's counsel and the Purchaser's counsel respectively, all such written instructions as shall be necessary to give effect to the provisions of this clause and shall execute such escrow agreements as may reasonably be required by such counsel.

1.4 Leases. Seller shall execute on or prior to the Closing Date, a written lease (the "Lease"), for the offices in Nashville, Tennessee used in the Mitre Business, in accordance with the lease form attached hereto as Schedule 1.4.

1.5 Services Agreement. Seller and Purchaser shall execute and deliver a Services Agreement in the form of Schedule 1.5 hereto. Seller shall provide Purchaser with the services set forth therein.

1.6 Warehousing Agreement. Seller and Purchaser shall execute and deliver a Warehousing Agreement in the form of Schedule 1.6.

SECTION 2. Closing

Subject to the fulfillment of the conditions precedent specified in Sections 6 and 7, the transactions contemplated by this Agreement shall be consummated at a closing (the "Closing") as follows:

2.1 Closing Date. The Closing shall be held at 10:00 A.M. local time at the offices of Lowenthal, Landau, Fischer & Bring, P.C. on August 11, 1995, or such other date or place as shall be mutually agreed to by the parties (such date, together with any adjournment thereof is hereinafter referred to as the "Closing Date").

2.2 Closing Deliveries of Seller. On the Closing Date, Seller shall deliver to Purchaser, in a form reasonably satisfactory to counsel for Purchaser, the following:

(a) A Bill or Bills of Sale, substantially in the form attached hereto as Schedule 2.2(a), conveying title to Purchaser of all of the Assets, and any other instruments of sale, conveyances, transfers and assignments, documents, instruments, certifications, notices or assurances as counsel for Purchaser may reasonably require, as necessary or desirable to transfer, assign and convey to Purchaser as of the Closing Date, good title to all of the Assets, or as otherwise may be reasonably requested by counsel to Purchaser for purposes of this Agreement.

(b) All documents, instruments and opinions required to be delivered to it under Section 6.

2.3 Closing Deliveries of Purchaser. On the Closing Date, Purchaser shall deliver, in a form reasonably satisfactory to counsel for Seller, the following:

(a) To Seller, the amount required to be paid to Seller pursuant to Section 1.3(a) hereof; and

(b) To Seller, all documents, instruments and opinions required to be delivered to it under this Agreement.

SECTION 3. Representations, Warranties and Agreements of the Seller.

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated herein, the Seller represents and warrants to Purchaser and agrees as follows, each such representation, warranty and agreement to be effective as of the Closing Date. No investigation or due diligence examination conducted by or on behalf of Purchaser, or any information elicited as a result thereof shall in any way affect or limit the representations, warranties and agreements hereinafter set forth unless Purchaser has actual knowledge that a representation or warranty is untrue.

3.1 Organization of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee and has full corporate power to own its properties and conduct the business presently being conducted by it, and is duly qualified to transact business as a foreign corporation and is in good standing in the State of Tennessee and all other states in which the failure to qualify and be in good standing would have a material adverse effect upon the Mitre Business.

3.2 Corporate Authority. (i) The execution, delivery and performance of this Agreement by Seller has been duly authorized and approved by all requisite corporate action on the part of Seller, and neither the execution nor the delivery of this Agreement, nor the consummation of the transactions contemplated hereby nor compliance with or fulfillment by Seller of the terms and provisions of this Agreement, will (a) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default under the Certificate of Incorporation or By-laws of Seller or any instrument, agreement, mortgage, lease, judgment, order, award, decree or other instrument or restriction to which Seller is a party or by which Seller is bound or to which the Assets are subject, (b) require any affirmative approval, authorization or other order or action of any creditor of the Seller which has not been obtained, or (c) give any party with rights under any instrument, agreement, mortgage, judgment, order, award, decree or other restriction referred to in subsection (a) above the right to terminate, modify or otherwise change the rights or obligations of the Seller under such instrument, agreement, mortgage, judgment, order, award, decree or other restriction.

(ii) Seller has full power and authority to do and perform all acts and things required to be done by it under this Agreement.

(iii) This Agreement constitutes, and such other agreements and instruments, as required, when duly executed and delivered by Seller, will constitute, valid and

binding obligations of Seller enforceable in accordance with their respective terms, subject to all laws affecting creditors' rights and the discretion of courts to fail to grant equitable remedies.

3.3. Sales History. The unaudited income statements of the Mitre Business for the fiscal years ending January 31, 1993, 1994 and 1995, and for the fiscal four months through May 26, 1995 (individually and collectively, the "Historical Sales Statements") are attached as Schedule 3.3. Each such Historical Sales Statement presents fairly the sales of the Mitre Business in all material respects and, except for the reporting of discounts, in conformity with generally accepted accounting principles, consistently applied, as of, or for the period then ended.

3.4 Patents, Trademarks, Copyrights, etc. (i) Schedule 3.4 attached hereto sets forth a list of all of Seller's United States patents, patent applications, copyrights, trademark registrations and applications therefor, patent, trademark or trade name licenses, contracts with employees or others relating in whole or in part to disclosure, assignment or patenting of any inventions, discoveries, improvements, processes, formulae or other know-how, and all patent, trademark or trade names or copyright licenses which are in force which are owned in the name of Seller and used in the Mitre Business (referred to collectively as Intellectual Property Rights). Seller represents that the Intellectual Property Rights are, to the best of Seller's knowledge and belief, fully valid and are in full force and effect, except as noted on the schedules hereto.

(ii) Seller owns outright all of the Intellectual Property Rights listed on Schedule 3.4 attached hereto free and clear of all liens and encumbrances and pays no royalty to anyone under or with respect to any of them.

(iii) Seller has not licensed anyone to use any of such Intellectual Property Rights and has no knowledge of the infringing use by Seller of any intellectual property rights.

(iv) All rights of Seller in and to each of the foregoing Intellectual Property Rights are transferable and will be transferred or assigned to Purchaser as herein contemplated.

(v) Seller has no knowledge of, nor has Seller received any notice of (a) any conflict with the asserted rights of others with respect to any Intellectual Property Rights used in, or useful to, the operation of the business owned by Seller or with respect to any license relating to the Assets under which Seller is licensor or licensee; or (b) that the Intellectual Property Rights infringe upon the rights of any third party.

3.5 Employees. Schedule 3.5 sets forth a list of the names and current annual salary rates of each of the present employees of Seller who are engaged in primarily in the Mitre Business and who will be terminated by the Seller at Seller's expense as of the Closing Date, together with a summary of the bonuses, additional compensation and other like benefits, if any, paid or payable to such persons as of the date hereof.

3.6 Compliance with Laws. (a) The Mitre Business is and has been operated in material compliance with all applicable statutes, orders, rules and regulations promulgated by governmental authorities and no allegation of non-compliance with such applicable statutes, orders, rules and regulations made by any person is pending or threatened or has been made.

(b) Set forth on Schedule 3.6(b)(i) is a complete list of all permits, licenses, variances, exemptions, orders and approvals from governmental authorities which are held by or have been issued to Seller in connection with the Mitre Business and are reasonably necessary for the conduct of the Mitre Business as presently conducted (collectively, "Permits"). Seller is in compliance in all material respects with the terms of the Permits and has made all notifications and applications to governmental authorities required under law to continue operations of the Mitre Business as presently conducted.

3.7 Litigation. Schedule 3.7 sets forth a brief description of each pending lawsuit, civil proceeding instituted by a governmental agency, criminal proceeding, indictment, administrative proceeding, governmental investigation or arbitration with respect to the Mitre Business or to which the Assets are subject, specifying the damage or relief sought, the name of counsel for Seller in charge of such matter and the current status of such action. Except as set forth in Schedule 3.7, there is no lawsuit, proceeding, indictment, governmental investigation or arbitration with respect to the Mitre Business to which the Assets are subject, pending, or, to the knowledge of Seller, threatened.

3.8 Assets. Seller owns, all of the Assets to be acquired hereunder. Seller has good title to all of the Assets, which shall be conveyed free and clear of all liens, mortgages, pledges, encumbrances, conditional sales agreements, security interests, title retention devices or charges of any kind.

3.9 Material Changes Since January 31, 1995. Since January 31, 1995, Seller has not (a) sold or otherwise disposed of any of the Assets, except for inventory in the ordinary course; (b) entered into any contract, license, franchise, or commitment relating to the Mitre Business other than in the ordinary course of business or as contemplated by this Agreement or waived any rights relating to the Mitre Business other than in the ordinary course of business; or (c) been made aware of and is not aware of any termination or threatened termination by any of the top ten suppliers or of the top ten customers of its relationship with the Mitre Business, subject to the knowledge and inquiry standards of Section 3.13.

3.10 Investment Banking and Other Fees. Except for fees payable to Donaldson, Lufkin & Jenrette, Seller has no obligation to pay any investment banking or other fee as a result of the consummation of the transactions contemplated hereby.

3.11 Disclosure. No representation or warranty by Seller herein contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein not misleading with respect to the matters covered thereby, taken as a whole.

3.12 Inventory. All items of inventory to be acquired by Purchaser pursuant to this Agreement and described in the Inventory Report, to which any value is attributed in determining the Purchase Price, have been valued at their book value (i.e. to reflect the lower of cost or market value in accordance with generally accepted accounting principles ("GAAP") after taking into account all reserves ("Value").

3.13 Customers and Suppliers. Listed on Schedule 3.13(A) are all customers of the Mitre Business in terms of sales for the fiscal year ending January 31, 1995, showing the approximate total sales to each customer for such period. To the best of Seller's knowledge based solely upon inquiry of the President, Chief Financial Officer and Director of Sales of the Seller's Mitre Division, there has not been any material adverse change in the business relationship of Seller with any of its top ten customers or top ten suppliers listed on Schedule 3.13(A), except as disclosed on Schedule 3.13(B). These Schedules also set forth and briefly describe all material contracts and commitments for the purchase by Seller of inventory and supplies that relate to the Mitre Business as of the date of this Agreement; the status of all accepted and unfilled orders placed by sales representatives for the Mitre Business; the aggregate dollar value of all accepted and unfilled orders for the sale of products relating to the Mitre Business. All of the orders and commitments were made in the ordinary and usual course of business.

3.14 No Interest in Suppliers, etc. The Seller has no ownership interest, direct or indirect, in any supplier or consultant to or customer, agent or adviser of the Mitre Business other than Mitre Sports International Limited.

3.15 Insurance Coverage. Attached as Schedule 3.15 and subject to information and notations thereon is a correct and complete list of all policies of insurance in effect at the date of this Agreement, providing coverage with respect to risks of product liability, environmental liability or any other liability or risk involving the Mitre Business of the Seller. All such policies are dated as set forth in such schedule; there has been no failure to pay any premiums in a timely fashion as required by such policies; and at the date of this Agreement, no notice of cancellation or non-renewal with respect to any such policy has been received by the Seller. There has been no material default by the Seller with respect to any provision contained in any policy.

SECTION 4. Representations, Warranties and Agreements of Purchaser.

Purchaser hereby represents and warrants to Seller and agrees as follows:

4.1 Organization of Purchaser. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Corporate Authority. (a) The execution, delivery and performance by Purchaser of this Agreement has been duly authorized and approved by all requisite corporate action on

the part of Purchaser, and neither the execution nor the delivery of this Agreement, nor the consummation of the transactions contemplated hereby or thereby, nor compliance by Purchaser with, or fulfillment by Purchaser, of the terms and provisions of this Agreement, will (i) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default under the Certificate of Incorporation or By-Laws of Purchaser or any instrument, agreement, mortgage, lease, judgment, order, award, decree or other instrument or restriction to which either is a party or by which either is bound, or (ii) require any affirmative approval, consent or authorization of, or registration or filing with, any court, governmental authority or regulatory body of Purchaser or any other person.

(b) Purchaser has full power and authority to do and perform all acts and things required to be done by it under this Agreement.

(c) This Agreement constitutes and such other agreements and instruments, when duly executed and delivered by Purchaser, will constitute, valid and binding obligations of Purchaser enforceable in accordance with their respective terms.

4.3 Investment Banking and Other Fees. The Purchaser does not have any obligation to pay any investment banking or other fee as a result of the consummation of the transactions contemplated hereby.

4.4 Disclosures. No representation or warranty by Purchaser herein contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein not misleading with respect to matters covered thereby, taken as a whole.

SECTION 5. Certain Matters Pending the Closing.

5.1 Conduct of Business. During the period from February 1, 1995 to the Closing Date, Seller has:

(a) satisfied its obligations under all agreements and commitments material to the Mitre Business except those which Seller in good faith elects to contest or dispute;

(b) maintained the books of account and records relating to the Mitre Business in the usual, regular and ordinary manner in a manner consistent with past practices;

(c) continued to withhold and deposit all payroll withholding and related employer taxes of those of Seller's employees primarily engaged in the Mitre Business as and when due;

(d) subject to disclosures in this Agreement, maintained all patents, registered trademarks, and trade names used in connection with the Mitre Business, prosecute all applications pending in relation thereto and take all steps reasonably appropriate to prevent any

infringement of any such patents, trademarks or trade names by third parties consistent with past practices with respect to such matters; and

(e) continued to operate the Mitre Business at a level of activity sufficient to meet contractual commitments for delivery of goods;

5.2 Prohibited Action. During the period from February 1, 1995 to the Closing Date, except as disclosed on Schedule 3.13(B), Seller did not, in connection with the Mitre Business:

(a) except to the best of Seller's knowledge based solely upon inquiry of the President, Chief Financial Officer and Director of Sales of the Seller's Mitre Division, extend credit on sales other than sales of merchandise in the ordinary course of business;

(b) to the best of Seller's knowledge based solely upon inquiry of President, Chief Financial Officer and Director of Sales of the Seller's Mitre Division, except in the ordinary course of business consistent with sound business practice, alter or modify its pricing policies with respect to the sales of merchandise or the terms of any such sales; or

(c) allow any liens, charges, mortgages or security interests, except for leased equipment, to attach to the Assets;

5.3 Preservation of Relationships. Seller will use its best efforts to preserve its relationship with customers of and suppliers to the Mitre Business and will generally assist Purchaser in arranging for the orderly transfer and reception of the Assets from Seller to Purchaser.

5.4 No Default. Except for the failure to obtain any required consents to assignment under any of the contracts or leases relating to the Mitre Business to which it is a party, Seller has not done any act or omitted to do any act, or permit any act or omission to act, which would cause a breach of any of the contracts relating to the Mitre Business.

5.5 Publicity. The initial general notices, releases, statements and communications to employees, suppliers, representatives and customers of the Mitre Business and to the general public and the press relating to the transactions covered by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by Purchaser and Seller unless either party is, in the opinion of its respective counsel, required by law to make any filing, notice or report, in which event it may do so without mutual agreement but only after notice to and consultation with the other party.

5.6 Cooperation. Purchaser and Seller will cooperate in all respects and shall use their respective best efforts in connection with securing any consents of third parties necessary for the transfer of the Assets from Seller to Purchaser or the assumption of liabilities by Purchaser, and giving any notices to any governmental authority, or securing the permission, approval, determination, consent or waiver of any governmental authority, required by law in

connection with the transfer of the Assets from Seller to Purchaser or the assumption of the liabilities by Purchaser, and to bring about the satisfaction of the conditions required to be performed, fulfilled and complied with by Seller pursuant to this Agreement. Seller shall, to the extent requested, cooperate with and assist Purchaser, at Purchaser's expense, in obtaining all licenses, permits and the authorizations required to be obtained by Purchaser in connection with the ownership of the Assets and the operation of the Mitre Business.

SECTION 6. Conditions Precedent to Obligations of Purchaser.

The obligations of Purchaser under this Agreement shall be subject to the satisfaction, on or prior to the Closing Date, of all the following conditions, any or all of which may be waived in writing by Purchaser:

6.1 Misrepresentations or Breach of Warranties. All representations and warranties of the Seller in this Agreement shall be deemed to have been made at and as of the time of the Closing and shall then, except as submitted in writing at the Closing, be true and correct in all material respects, and there shall have been no breach by the Seller in the performance of their representations or warranties herein.

6.2 Absence of Certain Changes. There shall not have occurred prior to the Closing Date (a) any material adverse change in the Assets taken as a whole, (b) damage or destruction in the nature of a casualty loss which materially affects the operation of the Mitre Business; provided, however, that in the event of such a loss which is fully or partially covered by insurance, Seller shall (i) offer to assign or otherwise make available to Purchaser the proceeds of such insurance on the condition that Purchaser shall consummate the transactions contemplated hereby or (ii) Seller may terminate this Agreement in writing within seven (7) days of the occurrence of an event of loss whereafter neither Seller nor Purchaser shall have any claim against the other, (c) the legal inability of the Seller to convey, assign and transfer to Purchaser any of the Assets which will have the effect of materially affecting the ability of Purchaser to operate the Assets, or (d) any work stoppage, strike or materially adverse change in the composition of Seller's work force.

6.3 Litigation Affecting Closing. No suit, action or other proceeding shall be pending or threatened by or before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby.

6.4 Performance by Seller. Seller shall have performed and complied in all material respects with agreements and conditions required by this Agreement to be performed and complied with by it prior to or on the Closing Date.

6.5 Approvals. All material government approvals necessary to be obtained by Purchaser to consummate the transactions contemplated hereunder, including, without limitation,

all material permits, licenses or similar permissions, shall have been obtained prior to the Closing Date and Purchaser shall use its reasonable best efforts to obtain the same.

6.6 Purchase of Mitre Sports International Limited.

Simultaneously herewith, Pentland Industries Limited is purchasing all of the issued and outstanding shares of capital stock of Mitre Sports International Limited, an English corporation registered in England, in accordance with the terms of that certain Stock Purchase Agreement dated as of August 11, 1995 by and among Seller and Pentland Industries Limited and the Completion as defined in such agreement shall have occurred.

6.7 Deliveries by Seller. At Closing, Seller shall execute and deliver to Purchaser, or cause third parties to execute and deliver to Purchaser, in form and content satisfactory to Purchaser and its counsel:

(a) the instruments of sale, conveyance, transfer and assignment pursuant to Sections 1 and 2 of this Agreement;

(b) the Lease duly executed by Seller which Lease shall commence on the Closing Date;

(c) the Services Agreement and Warehousing Agreement duly executed by the Seller which shall commence on the Closing Date;

(d) an assignment of Seller's rights ("Rights") to occupy space at the Atlanta Supershow, if assignable. In the event the Rights are not assignable, Seller will, with appropriate indemnities from Purchaser and at Purchaser's cost, renew its contract with the Atlanta Supershow and make the space available to Purchaser; and

(e) such other documents and instruments as Purchaser shall reasonably request.

6.8 Opinion of Counsel for Seller. At Closing, Boulton, Cummings, Conners & Berry, counsel for the Seller, shall deliver to Purchaser a written opinion, dated the Closing Date, in substantially the form of Schedule 6.8

SECTION 7. Conditions Precedent to Obligations of Seller.

The obligations of Seller under this Agreement shall be subject to the fulfillment, on or prior to the Closing Date, of the following conditions, any or all of which may be waived in writing by Seller:

7.1 No Misrepresentation or Breach of Covenants and Warranties. All representations and warranties of Purchaser in this Agreement shall be deemed to have been made at and as of

the time of the Closing and shall then be true and correct in all material respects, and there shall have been no breach by Purchaser in the performance of any of its obligations herein and therein.

7.2 Litigation Affecting Closing. No suit, action or other proceeding shall be pending or threatened by or before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby.

7.3 Performance by Purchaser. The Purchase Price shall have been paid in accordance with Section 1.3(b) and Purchaser shall have performed and complied with all other agreements and conditions required by this Agreement to be performed and complied with by it prior to or on the Closing Date.

7.4 Deliveries by Purchaser and Affiliates. The Purchaser shall execute and deliver to Seller in form and content satisfactory to Seller and its counsel:

- (i) instruments of assignment in the form of Schedule 7.4(i) attached hereto;
- (ii) such other documents and instruments as Seller shall reasonably request; and
- (iii) the Purchase Price.

7.5 Opinion of Counsel for Purchaser. Seller shall receive from Lowenthal, Landau, Fischer & Bring, P.C., counsel to Purchaser, a written opinion dated the Closing Date, in substantially the form of Schedule 7.5.

SECTION 8. Transfer Expense. Purchaser will pay and indemnify and hold harmless Seller from any sales or transfer taxes payable in connection with the transactions contemplated hereby. At the Closing, Purchaser shall deliver a check in the amount, if any, shown as due on the sales tax return to be prepared by Seller reporting the sale contemplated herein. In connection with the transfer of inventory, Purchaser shall register as a Tennessee vendor and furnish Seller with a properly completed resale certificate at the Closing. In the event that the sales tax liability is subsequently adjusted, Purchaser shall pay any amount due (including interest and penalties, if any) and shall be entitled to any overpayment. Purchaser will also pay any filing or recording fees, license, transfer fees and similar asset transfer expenses relating to the transactions contemplated hereby in connection with the instruments of transfer herein.

SECTION 9. Indemnification.

9.1 Indemnification by Seller. Seller indemnifies and holds Purchaser, its officers and directors harmless against and in respect of any breach of covenant or representation by Seller,

including costs, reasonable attorneys' fees and expenses incident to such liabilities. This indemnity agreement is in addition to any other specifically enumerated liability which Seller may otherwise have under this Agreement.

9.2 Indemnification by Purchaser. Purchaser indemnifies and holds Seller, its officers and directors harmless against and in respect of any breach of covenant or representation by Seller, including costs, reasonable attorneys' fees and expenses incident to such liabilities. This indemnity agreement is in addition to any other specifically enumerated liability which Seller may otherwise have under this Agreement.

9.3 Third Party Claims. If a claim by a third party is made against an indemnified party, and if the indemnified party intends to seek indemnity with respect thereto under this Section 9, such indemnified party shall promptly notify the indemnifying party of such claim. The indemnifying party shall have thirty (30) days after receipt of such notice to undertake, conduct and control, through counsel of its own choosing (subject to the consent of the indemnified party, such consent not to be unreasonably withheld) and at its expense, the settlement or defense thereof, and the indemnified party shall co-operate with it in connection therewith; provided that: (i) the indemnifying party shall not thereby permit to exist any lien, encumbrance or other adverse charge upon any assets of any indemnified party, (ii) the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party, provided that the fees and expenses of such counsel shall be borne by the indemnified party, and (iii) the indemnifying party shall promptly reimburse the indemnified party for the full amount of any loss resulting from such claim and all related expense incurred by the indemnified party within the limits of this Section 9. So long as the indemnifying party is reasonably contesting any such claim in good faith, the indemnified party shall not pay or settle any such claim. Notwithstanding the foregoing, the indemnified party shall have the right to pay or settle any such claim, provided that in such event it shall waive any right to indemnity therefor by the indemnifying party. If the indemnifying party does not notify the indemnified party within thirty (30) days after receipt of the indemnified party's notice of a claim of indemnity hereunder that it elects to undertake the defense thereof, the indemnified party shall have the right to contest, settle or compromise the claim in the exercise of its exclusive discretion at the expense of the indemnifying party.

9.4 Limitations on Amounts. The provisions for indemnity under Sections 9.1 and 9.2 shall (i) be effective only when the aggregate amount of all claims made by the Seller against the Purchaser or by the Purchaser against the Seller for which such other party has an indemnification obligation hereunder exceeds \$50,000 (the "Basket"), provided that if the aggregate of claims made exceeds the Basket, the indemnifying party shall be liable for the aggregate of such claims without giving any credit for the Basket; (ii) not apply with respect to any single claim of \$750 or less, provided that such claims shall be taken into account when computing the aggregate of claims for purposes of the Basket; and (iii) not exceed, in the aggregate, the amount of the Purchase Price.

9.5 Failure to Pay. Should any party fail to pay any amount due under the terms of this Agreement when due, such party shall also be liable for the payment of interest at the Wall Street Journal Prime Rate, costs of collection, and reasonable attorneys fees.

SECTION 10. Other Provisions

10.1 Further Assurances. At its own expense, each party will, at such time and from time to time on and after the Closing Date, upon reasonable request by the other party, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances that may be reasonably required for the conveying, transferring, assigning, delivering, assuring and confirming to Purchaser, or to its respective successors and assigns, or for aiding and assisting in collecting or reducing to possession, any or all of the properties and assets of the Seller sold hereunder or for the carrying out of the purposes of this Agreement.

10.2 Bulk Sales Law. Purchaser and the Seller hereby waive compliance with the provisions of Article 6 of the Uniform Commercial Code as it is in effect in the states where the Seller owns Assets to be transferred to Purchaser hereunder. Seller hereby agrees to indemnify and hold Purchaser harmless from any loss, cost or liability (including reasonable attorneys' fees) incurred by Purchaser as a result of such non-compliance, provided, however, that nothing herein shall prevent Seller from contesting any liability in good faith. The indemnification under this Section 10.2 shall not apply to any Assumed Liabilities assumed hereunder by the Purchaser.

10.3 Complete Agreement. This Agreement, including the Exhibits and Schedules attached hereto and the documents referred to herein shall constitute the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, and writings with respect to such subject matter.

10.4 Hiring of Employees. (a) Seller shall use its best efforts to comply fully with all applicable plant closing laws, if any, of or relating to the Mitre Business and taken by Seller at or prior to the Closing. Seller acknowledges its full responsibility for any severance pay liabilities to employees or any payments of any kind, due, or which may become due, to sales representatives of Seller as well as for accrued vacation pay to any of Seller's employees engaged primarily in the Mitre Business.

(b) Purchaser shall be entitled, but not obliged, to extend on the Closing Date, an offer of employment on such terms and conditions as Purchaser may decide, to those of Seller's employees engaged primarily in the Mitre Business and identified on Schedule 3.5 as of the Closing Date as purchaser may decide. Purchaser shall have no obligations whatsoever with respect to any employees of Seller not hired by Purchaser, except for commitments or promises Purchaser may have made to such employees. Schedule 3.5(b) lists those employees of Seller to be hired by Purchaser on the Closing Date

10.5 Survival of Representations and Warranties. The representations and warranties and indemnities set forth in this Agreement shall survive the Closing for a period of twenty (20) months.

10.6 Waiver, Discharge, etc. This Agreement may not be released, discharge, abandoned, changed or modified in any manner, except by an instrument in writing signed on behalf of each of the parties hereto by their duly authorized representatives.

10.7 Notices. All notices, requests, demands and communications under or in respect hereof shall be deemed to have been duly given and made if in writing (including telex or fax) if delivered by hand or left at or posted by pre-paid registered or certified mail (airmail if dispatched to a foreign country) to the party concerned at its address appearing below or sent by fax or telex to the number and with copy as below indicated. Service shall be deemed to be effective: so far as delivery by hand is concerned when handed to the recipient or left at the recipient's address; by post three days after posting (seven days if sent to a foreign country); by fax or telex on the same day as dispatch. The said addresses and fax and telex numbers shall continue in force until alternatives are notified and receipt of such notification has been acknowledged:

(a) If to Seller:

Genesco Inc.
Genesco Park
Suite 410
1415 Murfreesboro Road
Nashville, Tennessee 37217
Attn: Roger Sisson, Esq.
Fax: (615)367-7073

with a copy to:

Boult, Cummings, Connors & Berry
414 Union Street
Suite 1600
P.O. Box 198062
Nashville, TN 37219
Attn: E. Berry Holt, Esq.
Fax: (615)252-2380

(b) If to Purchaser:

Pentland Sports Group, Ltd.
3333 New Hyde Park Road
New Hyde Park, New York 11042

Fax: (516)365-3451
Attn: Nahum G. Shar

with copies to:

Lowenthal, Landau, Fischer & Bring, P.C.
250 Park Avenue
New York, New York 10177
Attn: George N. Abrahams, Esq.
Fax: (212)986-0604, and

Pentland Group plc
The Pentland Centre,
Lakeside Squires Lane
Finchley, London N32QL
Attn: John McLaren, Esq.
Fax: 01144181-343-4876

10.8 Expenses. Seller's professional and other fees and expenses (including the fees and expenses to be paid to Boulton, Cummings, Connors & Berry) incident to this Agreement shall be paid by Seller and Purchaser's professional and other fees and expenses incident to this Agreement (including the fees and expenses to be paid to Price Waterhouse and to Lowenthal, Landau, Fischer & Bring, P.C.) shall be paid by Pentland.

10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the rules of conflict of laws.

10.10 Assignment. Except for an assignment to an affiliate of either party, neither party may assign its rights and/or obligations to any other party without the express written consent of the other party. In the event of a permitted assignment, the assigning party shall remain liable for all obligations hereunder.

10.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their successors or assigns.

10.12 Execution in Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each party and delivered to the other party.

10.13 Filing of Tax Returns. Seller agrees to file on a timely basis all tax returns relating to the Mitre Business that Seller may be required to file by any law or regulation to file in respect of all periods prior to or including the Closing Date.

10.14 Name. From and after the Closing Date, neither the Seller nor any other company in which the Seller or any of its subsidiaries or affiliates, has any direct or indirect equity interest shall use the name "Mitre" or "Absolute Performance" or any variation, transliteration, translation, or confusingly similar names in connection with any enterprise or business at any time.

10.15 Agreements Not to Interfere with Business. From and after the Closing Date and for a period of three years thereafter, Seller shall not take any action, whether directly or indirectly, except with prior written approval of Purchaser, to solicit or hire any present or future employees of Purchaser so long as they are employed by Purchaser.

10.16 Conflict. In the event of any conflict between the terms and conditions of this Agreement and the agreement between the Seller and Pentland Industries Limited dated August 11th, 1995 (the "Share Purchase Agreement"), the provisions of this Agreement shall control with respect to the purchase of the Assets and the Mitre Business and all matters ancillary thereto, and the provisions of the Share Purchase Agreement shall control with respect to the purchase of the shares of Mitre Sports International Limited.

10.17 Collection of Accounts Receivable. (a) Seller is retaining all accounts receivable of the Mitre Business arising prior to the Closing Date ("Seller Accounts Receivable") and shall service such receivables in accordance with its credit and collection policies as heretofore in effect and applied by Seller to its customers. Pursuant to the terms of the Services Agreement, Seller has agreed to service, credit check, and collect Purchaser's accounts receivable arising from the sale of inventory of the Mitre Business on or after the Closing Date ("Purchaser Accounts Receivable"), in accordance with Seller's credit and collection policies as heretofore in effect and applied by Seller to its customers and subject to Purchaser's supervision and direction. In fulfilling its obligations under the Services Agreement, Seller shall use its reasonable best efforts (using appropriate staff and facilities) to cause the Purchaser Accounts Receivable to be collected. Seller Accounts Receivable and Purchaser Accounts Receivable shall be collected in a commercially reasonable manner. Seller shall not allow any Purchaser Accounts Receivable to be settled for less than the face amount thereof or issue credit notes or otherwise take action, or omit to take any action, that would reduce the value of the Purchaser Accounts Receivable without the prior written consent of Purchaser. If Seller makes a written request to Purchaser for the consent referred to in the immediately preceding sentence, such request shall be made in writing and transmitted to Purchaser by facsimile. If Purchaser does not respond to such facsimile within five (5) business days of such dispatch thereof, Purchaser shall be deemed to have given its consent. Purchaser's customers shall be instructed that all payments made by such customers with respect to the Purchaser Accounts Receivable shall be made directly to Purchaser's lock box; provided however, that if Seller or its affiliate or agents receives any payment relating to any of the Purchaser Accounts Receivable, such payment shall

be the property of, and shall be on the Monday following receipt forwarded and remitted to the Purchaser. All payments made by customers with respect to the Seller Accounts Receivable shall be made directly to Seller's lock box; provided however, that if Purchaser or its affiliates or agents receives any payment relating to any of the Seller Accounts Receivable, such payment shall be the property of, and shall be on the Monday following receipt forwarded and remitted to the Seller.

(b) Beginning with the Closing Date and continuing until all Seller Accounts Receivable have been collected, Seller shall cause separate accounts receivable lists to be maintained for Seller Accounts Receivable on the one hand, and Purchaser Accounts Receivable on the other hand. Subject to Section 10.16(a) above, if Seller or Purchaser receives any payments from customers who have both outstanding Seller Accounts Receivable and outstanding Purchaser Accounts Receivable, the recipient shall direct such payments in the following order: (i) first, to those invoices, if any, designated by the customer; provided that neither Seller nor Purchaser nor the employees or agents of either of them, shall instruct or request any customer to make any such designation; and (ii) second, if there is no designation from the customer, then such payments shall be allocated to the oldest invoices owing to Seller or Purchaser on account of Mitre products. All monies owing from one party to the other hereunder shall be paid on the Monday following receipt.

(c) Seller shall provide Purchaser with a monthly statement of the aging and collection status of the Purchaser Accounts Receivable and the Seller Accounts Receivable at least seven (7) days after the end of each calendar month. Seller shall service and collect the Purchaser Accounts Receivable as Purchaser's non-exclusive agent, and Seller shall receive no compensation for such services (except for the compensation provided in the Services Agreement) and acquire no ownership or financial interest whatsoever in the Purchaser Accounts Receivable, all right, title and interest therein belonging exclusively to the Purchaser.

(d) Seller shall notify Purchaser as soon as reasonably practicable if any customer disputes any Purchaser Accounts Receivable or if any customer that has invoices outstanding from both Purchaser and Seller disputes any Seller Accounts Receivable. Purchaser, in its discretion, may direct Seller to cease servicing any Purchaser Accounts Receivable from time to time for whatever reason, including, but not limited to, the desire of Purchaser to initiate litigation to collect such Purchaser Account Receivable, but the provisions of Sections 10.17(a) and (b) above shall continue to apply to receipts of one party belonging to the other. Seller may from time to time initiate litigation to collect any Seller Accounts Receivable if such Sellers Accounts Receivable is not paid within the Sellers usual and normal credit term for such customers or the customer has filed or had filed against it a petition in bankruptcy or the customer has engaged in fraud, provided however, that notice of the proposed commencement of such litigation shall be given to Purchaser three days prior to the commencement thereof.

10.18 Returns. All returns of inventory shall be for the account of Purchaser and on receipt by Purchaser of returned inventory, Purchaser shall pay Seller the amount of the Credit issued which will not exceed the face value of the invoice relating to the inventory returned.

10.19 Severability. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render illegal, invalid or unenforceable any other provision of this Agreement, and this Agreement shall be construed and reformed as if any such illegal, invalid or unenforceable provision were not contained herein.

10.20 Headings. Article and Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any purpose.

10.21 Amendments and Waivers. This Agreement may be amended or modified in whole or in part, only by a writing signed by both Buyer and Sellers. No provision of or right under this Agreement may be waived, except in writing signed on behalf of the party against whom such waiver is asserted. No waiver by any party of any breach or right of this Agreement shall be held to constitute a waiver of any other breach or right or a continuation of the same breach.

10.22 Exhibits and Schedules. The exhibits and schedules included or referred to in this Agreement are made a part of this Agreement as fully as if set forth in the body hereof.

SECTION 11. Agreement not to Compete.

11.1 Agreement not to Compete.

11.1 In this Section 11, unless the context or subject matter otherwise requires, the following expressions shall have the following meanings:

(a) "Restricted Business" means the business of manufacturing, importing (other than for Seller's own retail network), distributing, selling wholesale, designing, advertising and promoting (in each case other than for retail sale) sports balls and the following items indicated by a "X":

	Soccer	Rugby	Cricket	Netball	Baseball	Basketball
Bags			X			
Footwear	X	X	X		X	
Equipment	X	X	X	X	X	X
Apparel	X	X	X			
Accessories	X	X	X			

But shall not include the retail sale of such products, nor the manufacture, import, distribution, sale (retail or wholesale), designing, advertising or promotion of footwear resembling soccer footwear but not being for sporting use,

(b) "Restricted Area" means the United States of America, its territories and possessions, Canada and Mexico,

(c) "Restricted Period" means a period of three years from the Closing Date.

11.2 Seller's Undertakings. The Seller hereby undertakes to the Purchaser that it will not itself, either alone or jointly with others, whether as principal, agent, manager, majority shareholder, independent contractor or in any other capacity, directly or indirectly through any other person, for its own benefit or that of others:

(a) at any time during the Restricted Period engage in or carry on any Restricted Business within the Restricted Area in competition with the Purchaser (other than as a holder for investment of no more than 5% of any class of shares or securities dealt in on a recognized stock exchange);

(b) at any time during the Restricted Period canvass or solicit in relation to a Restricted Business the custom of any person who was at any time during the period of 12 months preceding the Closing Date a customer of the Mitre Division or accept from any such person orders for goods or services comprised within the Restricted Business, or seek to induce any such person to cease dealing with the Purchaser;

(c) at any time during the Restricted Period knowingly assist any competitor of the Purchaser to a material extent with the primary purpose of carrying on or developing any Restricted Business in the Restricted Area;

(d) at any time during the Restricted Period provide any financial assistance to any person for the primary purpose of assisting such person to carry on or develop a Restricted Business in the Restricted Area in competition with the Purchaser;

(e) at any time within 2 years of Closing Date solicit or entice away any employee of the Purchaser or knowingly do any act whereby any such employee is encouraged to leave the employment of the Purchaser whether or not such employee would by reason of so leaving commit a breach of his contract of employment;

(f) at any time following the Closing Date use the name "Mitre" or any name capable of confusion therewith as a trade mark, whether by using such name as part of a corporate name or otherwise;

(g) at any time after Closing Date make use of or disclose to any third party any secret or confidential information relating exclusively to the Mitre Division or its affairs or any of its trade secrets, except if and insofar as such disclosure is required by law or by any stock exchange or comes into the public domain through no fault of the Seller;

(h) at any time after the Closing Date represent itself or permit itself to be held out as being in any way connected with or interested in the business of the Purchaser.

11.3 Severability. Each of the covenants contained in sub-clause 11.2 is entirely separate and severable and enforceable accordingly. Each of such covenants is considered fair and reasonable in all the circumstances by the parties but in the event that any such restriction shall be found to be void or ineffective but would be valid and effective if some part thereof were deleted or the duration or area of application reduced such restriction shall apply with such modification as may be necessary to make it valid and effective.

11.4 Assignment. The benefit of the covenants contained in this Section 11 shall be assignable in whole or in part by the Purchaser to any transferee of the business of the Purchaser but not otherwise.

11.5 Injunctive Relief. Notwithstanding the provisions of Section 10.6 above, in the event of a violation of threatened violation of any of the foregoing provisions of this Section 11, Purchaser shall have no adequate remedy at law and shall therefore be entitled to enforce the provisions of this Section 11 by temporary injunctive or mandatory relief obtained in any court of competent jurisdiction without the necessity of proving damage, posting any bond or other security, and without prejudice to any other remedies which may be available at law or in equity. Seller agrees that the State Court of the State of Tennessee, Davidson County or the United States District Court for the Middle District of Tennessee is a court of competent jurisdiction and the parties each consent to the personal jurisdiction of the above courts for the purposes of such an action or proceeding instituted to obtain equitable relief relating to the provisions of this Section 11; and in connection therewith Seller agrees that process in any action may be served upon them and shall be deemed to be complete when the same is received by delivery or mail, as the case may be, in the same manner as notices are required to be given pursuant to the provisions of this Agreement. All fees and expenses incurred by Purchaser in connection with enforcing its rights under this Agreement as permitted by this Section 11 shall be paid by Seller in the event the Purchaser is granted any temporary, permanent, mandatory or other equitable relief by any court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed these presents
the day and year first above written.

SELLER:

GENESCO INC.

By: /s/ Roger G. Sisson

Name: Roger G. Sisson
Title: Secretary

PURCHASER:

PENTLAND SPORTS GROUP, LTD.

By: /s/ Nahum G. Shar

Name: Nahum G. Shar
Title: President

DATED 14 AUGUST 1995

GENESCO INC.
AND
PENTLAND INDUSTRIES LIMITED

A G R E E M E N T

- RELATING TO -

THE SALE AND PURCHASE OF THE ENTIRE ISSUED
SHARE CAPITAL OF MITRE SPORTS INTERNATIONAL LIMITED

SHARE PURCHASE AGREEMENT

DATED: 14 August 1995

PARTIES:

- (1) GENESCO INC., a Tennessee corporation whose registered office is at Genesco Park, Nashville, Tennessee, 37202 - 0731, USA ("the Vendor"); and
- (2) PENTLAND INDUSTRIES LIMITED a company registered in England (Company Registration Number 2307419) whose registered office is situated at The Pentland Centre, Lakeside, Squires Lane, Finchley, London, N3 2QL ("the Purchaser").

RECITALS:

- (A) Mitre Sports International Limited ("the Company") is a company limited by shares incorporated under the Companies Act 1985 registered in England under number 2688851 whose registered office is at Bay Hall Works, Birkby, Huddersfield, West Yorkshire, HD1 5AY. At the date hereof it has an authorised share capital of L.7,500,000 divided into 6,000,000 "A" Ordinary Shares of L.1 each and 1,500,000 "B" Ordinary Shares of L.1 each, all of which have been allotted and issued and are fully paid.
- (B) The Vendor is the legal and equitable owner and the registered holder of all of the shares in the capital of the Company.
- (C) Particulars of the Company are set out in Schedule 1.
- (D) The Vendor has agreed to sell and the Purchaser has agreed to purchase all of the shares in the Company on and subject to the terms of this Agreement.

- (E) By an agreement of even date the Vendor has agreed to sell and Pentland Sports Group, Ltd has agreed to purchase, certain other assets owned by the Vendor and used in connection with the "Mitre" business carried on by the Vendor in the USA, Canada and Mexico.

OPERATIVE TERMS

1. INTERPRETATION

1.1 In this Agreement and its Recitals and Schedules:

"THE ACCOUNTS" means the audited balance sheet of the Company made up as at the Balance Sheet Date and the audited profit and loss account of the Company for the financial year ended on the Balance Sheet Date, together with all notes, reports, statements and other documents annexed thereto in accordance with any legal requirement;

"THE AGREED EXCHANGE RATE" means USD 1.597 to L.1.00;

"THE BALANCE SHEET" means the audited balance sheet of the Company forming part of the Accounts;

"THE BALANCE SHEET DATE" means 31st January 1995;

"BUSINESS DAY" means any day except Saturdays and Sundays on which banks in the City of London are open for business;

"CAA" means Capital Allowances Act 1990;

"THE COMPANY" means Mitre Sports International Limited;

"COMPANY'S AUDITORS" means Price Waterhouse of York House, York Street, Manchester, M2 4WS;

"COMPLETION" means completion of the sale and purchase of the Shares pursuant to this Agreement;

"COMPLETION ACCOUNTS" shall bear the meaning set out in Schedule 7;

"COMPLETION BALANCE SHEET" means the audited balance sheet of the Company forming part of the Completion Accounts;

"THE COMPLETION DATE" means the date of this Agreement;

"THE DEED OF COVENANT" means a deed in the form set out in Schedule 6;

"THE DISCLOSURE LETTER" means the letter of the same date as this Agreement from the Vendor to the Purchaser;

"THE EMPLOYMENT STATUTES" means the Disabled Persons (Employment) Act 1944, the Trade Union and Labour Relations Acts 1974 and 76, the Employment Protection Act 1975, the Employment Protection (Consolidation) Act 1978, the Employment Act 1980, the Contracts of Employment Act 1972, the Equal Pay Act 1970, the Sex Discrimination Act 1975, the Health and Safety at Work etc. Act 1974, the Race Relations Act 1976, the Trade Union Act 1984, the Wages Act 1986, the Sex Discrimination Act 1986 and the Trade Union Reform and Employment Rights Act 1993;

"FA" means Finance Act;

"FRS" means a Financial Reporting Standard issued by The Accounting Standards Board Limited or an SSAP;

"THE GENERAL WARRANTIES" means those Warranties set out in Schedule 4;

"THE GENESCO CONTRACTS" means those contracts entered into by the Vendor in respect of its U.S., Canada and Mexico "Mitre" business and which it will not

be in a position properly to perform following Completion by virtue of the transactions contemplated in this Agreement and/or in the US Agreement, details of which are provided in Schedule 10;

"THE ICTA" means the Income and Corporation Taxes Act 1988;

"INTELLECTUAL PROPERTY" means patents, trade marks, service marks, registered designs, utility models, applications and rights to apply for any of the foregoing, copyrights, unregistered design rights, inventions, trade secrets, confidential know-how and registrable business names and any similar rights, whether registrable or not, in any part of the world;

"THE INTELLECTUAL PROPERTY RIGHTS" means that Intellectual Property owned or used by the Company and details of which are set out in Schedule 3 (not being a comprehensive list of the Intellectual Property owned or used by the Company);

"THE INTER-COMPANY INDEBTEDNESS" means the amount which as at Completion is owed by the Company to the Vendor, inclusive of all balances (trading or otherwise), management charges and accrued interest to the date of Completion;

"ITA" means the Inheritance Tax Act 1984;

"NET TANGIBLE ASSETS" means the aggregate value of all fixed and current assets (excluding goodwill, the Intellectual Property and any other intangible assets) minus the aggregate value of all liabilities and provisions (including provisions in accordance with SSAP 18 in respect of contingent liabilities) and any reserves or capital created by the upward revaluation of assets subsequent to the Balance Sheet Date all as shown in the Completion Accounts prepared in accordance with the provisions of Schedule 7;

"OPEN LETTERS OF CREDIT" means those letters of credit which have been opened by or to the order of the Vendor in respect of the purchase of stock for the Company or for the United States, Canadian and Mexican markets, which are outstanding as at Completion and which are listed in Schedule 9, subject to the following limits: for the Company - USD 1,000,000 and for the United States, Canadian and Mexican market - USD 1,750,000;

"THE PROPERTIES" means the properties particulars of which are set out in Schedule 2;

"THE PURCHASER'S ACCOUNTANTS" means Price Waterhouse, of Southwark Towers, 32 London Bridge Street, London SE1 9SY;

"THE PURCHASER'S NOMINEE" means Linklaters & Paines of 59 - 67 Gresham Street, London, EC2V 7YA;

"THE PURCHASER'S SOLICITOR" John McLaren of The Pentland Centre, Lakeside, Squires Lane, Finchley, London, N3 2QL;

"RELIEF" shall have the meaning set out in the Tax Deed of Covenant;

"THE RETENTION" means the amount of USD 750,000 to be retained out of the consideration pursuant to Clause 3 and to be dealt with in accordance with Clause 5;

"THE SHARES" means each and all of the shares of the Company comprising the whole of its issued and allotted share capital;

"THE STAKEHOLDERS' ACCOUNT" means the account referred to in sub-clause 5.1;

"SSAP" means a Statement of Standard Accounting Practice adopted by Accounting Standards Board Limited;

"TAXATION" means all forms of taxation, (including duties, rates, levies, withholdings, deductions, charges and imposts) imposed in the United Kingdom or overseas, including but not limited to:

- (a) corporation tax, income tax, advance corporation tax, any liability arising under Sections 419 or 601 ICTA, national insurance contributions, social security contributions, value added tax and customs duties;
- (b) all penalties, surcharges, fines and interest relating to any of the above; and
- (c) any payment by way of settlement or compromise of any claim in respect of any of the above;

"TAX DEED OF COVENANT" means the deed in the form set out in Schedule 8;

"TCGA" means the Taxation of Chargeable Gains Act 1992;

"TMA" means the Taxes Management Act 1970;

"THE TAX WARRANTIES" means those Warranties set out in Schedule 5;

"PENSION SCHEME" means the Mitre Sports International Limited Pension Scheme;

"US AGREEMENT" means an agreement in the agreed terms between the Vendor (1) and Pentland Sports Group, Ltd (2) relating to the sale and purchase of certain assets owned by the Vendor and used in connection with the "Mitre" business in the USA, Canada and Mexico;

"VATA" means the Value Added Tax Act 1994;

"VENDOR'S ACCOUNT" means the account in the name of the Vendor with the following account details:

Name of Account : Genesco Separate Asset Account
Bank: : NationsBank of Tennessee
ABA # : 0640-0002-0
Account # : 011-287-8053

"THE VENDORS ACCOUNTANTS" means Price Waterhouse, York House, York Street, M2 4WS, Manchester;

"THE VENDOR'S SOLICITORS" means Messrs. Taylor Joynson Garrett, Carmelite, 50 Victoria Embankment, London, EC4Y 0DX;

"THE WARRANTIES" means the warranties, representations and undertakings set out in Schedules 4 and 5.

1.2 Any reference in this Agreement to a document being "in the agreed terms" means that document in the terms agreed between the parties and for the purpose of identification signed by the Purchaser and the Vendor's Solicitors or such other terms as may be agreed in writing between the parties in substitution therefor.

1.3 In this Agreement, references to any statutory provision shall include such provision as from time to time amended, whether before on or (in the case of re-enactment or consolidation only) after the date hereof, and shall be deemed to include provisions of earlier legislation (as from time to time amended) which have been re-enacted (with or without modification) or replaced (directly or indirectly) by such provision and shall further include all statutory instruments or orders from time to time made pursuant thereto on or before the date hereof.

1.4 Words and phrases defined in the Companies Act 1985 (excluding its Schedules and as amended by the Companies Act 1989) shall have the same

meanings in this Agreement unless they are otherwise defined in this Agreement or unless the context or subject-matter otherwise requires.

1.5 In this Agreement and its Schedules:

- (a) the masculine gender shall include the feminine and neuter and the singular number shall include the plural and vice versa;
- (b) references to persons shall include individuals, bodies corporate, unincorporated associations and partnerships;
- (c) the headings are inserted for convenience only and shall not affect the construction of this Agreement;
- (d) references to Recitals, Clauses and Schedules and sub-divisions thereof, unless a contrary intention appears, are to the Recitals and Clauses of and Schedules to this Agreement and sub-divisions thereof respectively.

1.6 Each of the Schedules shall have effect as if expressly set out in the body of this Agreement.

2. SALE AND PURCHASE OF SHARES

2.1 On and subject to the terms of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Shares on and with effect from the Completion Date, free from all charges, liens, equities, encumbrances, claims or restrictions whatsoever and together with all rights attaching or accruing thereto and all dividends and distributions declared, made or paid thereon or in respect thereof on or after Completion.

2.2 Neither the Purchaser nor the Vendor shall be obliged to complete the purchase or sale of any of the Shares unless the purchase and sale of all the Shares and the completion of the US Agreement occur simultaneously and if

such sale and completion are not completed on the Completion Date then either the Purchaser or the Vendor shall be entitled to rescind this Agreement without liability of any kind.

3. CONSIDERATION

The purchase consideration payable by the Purchaser to the Vendor for the Shares (subject to adjustment in accordance with Schedule 7) ("the Purchase Consideration") shall be the aggregate of

- (a) USD 10,150,000; and
- (b) the amount of cash or cash equivalents appearing on the Completion Balance Sheet, subject to a maximum of USD 1,200,000 (such cash and cash equivalents together being "the Cash Equivalents Amount"). For such purposes "the Cash Equivalents Amount" shall mean cash in hand and deposits repayable on demand with any bank or other financial institution. Cash includes cash in hand and deposits denominated in foreign currencies.

The Purchase Consideration (subject to adjustment in accordance with Schedule 7) shall be paid on Completion:

- (a) as to USD 10,600,000 by telegraphic transfer to the Vendor's Account; and
- (b) as to USD 750,000 ("the Retention") by telegraphic transfer into the Stakeholders' Account, where it shall be dealt with in accordance with clause 5 of this Agreement.

4. COMPLETION

4.1 Subject to the provisions of this Clause, Completion shall take place at the offices of the Vendor on the Completion Date or at such other place and/or on such other date as may be agreed between the parties.

4.2 On Completion the Vendor shall cause to be delivered to the Purchaser:

- (a) duly completed and executed transfers of the Shares by the registered holders thereof in favour of the Purchaser (or as it may direct) together with the relative share certificates;
- (b) such other documents (including any power of attorney under which any document required to be delivered under this Clause has been executed and any waivers or consents) as the Purchaser may require to enable the Purchaser or its nominees to be registered as holders of the Shares;
- (c) the Common Seal, Certificate of Incorporation, the Memorandum and Articles of Association and the up to date statutory books of the Company;
- (d) the Deed of Covenant duly executed by the covenantors named therein;
- (e) the Tax Deed of Covenant duly executed by the covenantors named therein;
- (f) duly executed releases, in the agreed terms, releasing the Company from any liability whatsoever (actual or contingent) which may be owing by the Company to the Vendor subject to repayment by the Company to the Vendor of the Inter-company Indebtedness in accordance with the terms of this Agreement;
- (g) a certificate from the Vendor's Solicitors in agreed terms as to the title of the Company to the Properties ("the Certificate of Title").

- (h) the title deeds to the Properties;
- (i) unconditional receipts for rent and any additional rents or service charges due in respect of those of the Properties held or occupied on lease or under licence;
- (j) statements from each of the banks at which the Company maintains an account as to the amounts standing to the credit or debit of such accounts at the close of business on the second business day preceding the Completion Date ("the Reconciliation Date"), a statement that all current cheque books and paying in books for such accounts are in the possession of the Company, together with a bank reconciliation statement showing the bank position of the Company at the close of business on the Reconciliation Date adjusted to reflect credits since the Reconciliation Date to the Completion Date inclusive and a list of unrepresented cheques as at the Reconciliation Date and of cheques drawn since the Reconciliation Date to the Completion Date inclusive and of standing orders payable from the Reconciliation Date to the Completion Date inclusive. Such reconciliation statements shall show amounts due under such facilities to be no greater than:

Barclays Bank plc duty deferment bond	-L.400,000
Barclays Bank plc overdraft	-L.1,690,670
Barclays Bank plc letters of credit	-USD 4,500,000
	(including where applicable, sterling letters of credit converted at the Agreed Exchange Rate);

- (k) irrevocable powers of attorney executed by the holders of the Shares in favour of the Purchaser appointing the Purchaser to be their lawful attorney for the purpose of receiving notices of and attending and voting

at all meetings of the members of the Company in respect of the Shares and held from the date of this Agreement to the day on which the Purchaser (or its nominee) is entered in the register of members of the Company as the holder of the Shares and irrevocable authorities authorising:-

- i) the Company to send any notices in respect of the Vendor's holding of Shares to the Purchaser; and
 - ii) the Purchaser to complete in such manner as it thinks fit and to return proxy cards, consents to short notice and any other document required to be signed by the Vendor in its capacity as a member;
- (l) a duly executed agreement terminating the licence between Benjamin Crook & Sons Limited and the Vendor dated 13th March 1981;
- (m) a statement from the Vendor that it will indemnify the Company against any liabilities (including any Taxation) arising by virtue of any agreement entered into between the Vendor and the directors of the Company relating to loyalty bonuses including but not limited to those referred to in the letters from the Vendor to each of Roger Holmes, Robert Reah, Simon Peel, Duncan Benbridge and Duncan Anderson respectively, each dated 4 August 1995 (save for that to Duncan Anderson which is dated 13 July, 1995);
- (n) copies of the Genesco Contracts;
- (o) James Gulmi's letter of resignation as a trustee of the Pension Scheme, which letter the Vendor shall accept, on behalf of the Company, as being duly delivered in accordance with the terms of the Pension Scheme;

- (p) evidence acceptable to the Purchaser that the person(s) executing this agreement (and the documents contemplated by this agreement) on behalf of the Vendor are duly authorised to do so.

4.3 On Completion the Vendor shall cause a Board Meeting of the Company to be duly convened and held at which:

- (a) the said transfers of the Shares shall be approved for registration (subject only to the transfers being duly stamped at the cost of the Purchaser);
- (b) Peter McGuigan and Andrew Rubin shall be appointed as directors and Richard Stevens shall be appointed as secretary of the Company and J. S. Gulmi and W. S. Wire II shall retire from all their offices and employments with the Company and Robert Reah shall resign as secretary of the Company, each delivering to the Company a deed acknowledging that he has no claim outstanding for compensation or otherwise and without any payment under the Employment Protection (Consolidation) Act 1978;
- (c) the Deed of Covenant shall be approved and executed as appropriate;
- (d) all existing instructions to bankers shall be revoked and it shall be resolved to replace them with alternative instructions in such form as the Purchaser may require;
- (e) the registered office of the Company shall be changed to The Pentland Centre, Lakeside, Squires Lane, Finchley, London N3 2QL;
- (f) the Company's accounting reference date shall be changed to 31st December; and

- (g) the repayment of the Inter-company Indebtedness and the payment of the sum of USD 3,900,000 on account thereof shall be approved.

4.4 On Completion the Purchaser shall, immediately following compliance by the Vendor with the foregoing provisions:

- (a) procure the transfer to the Vendor's Account of the sum of USD 10,600,000 forming part of the Purchase Consideration for the Shares;
- (b) procure the transfer to the Stakeholder's Account of the Retention;
- (c) deliver to the Vendor's Solicitors counterparts of the Deed of Covenant and the Tax Deed of Covenant duly executed by the Purchaser;
- (d) procure in so far as it able the Vendor's release from the existing guarantee to Barclays Bank plc dated 1 May 1992;
- (e) subject to any necessary consents, assume the Vendor's liability to Barclays Bank plc and to First American National Bank in respect of the Open Letters of Credit; and
- (f) provide evidence acceptable to the Vendor that the person(s) executing this agreement (and the documents contemplated by this agreement) on behalf of the Purchaser are duly authorised to do so.

4.5 The Vendor's Solicitors are hereby irrevocably authorised by the Vendor to receive all amounts expressed to be payable to it hereunder and the receipt by the Vendor's Solicitors of each such amount shall be an absolute discharge to the Purchaser to the extent of the amount in question and the Purchaser shall not be concerned to see to the application of any such amount.

4.6 Immediately following Completion the parties will procure that the Company will immediately repay to the Vendor the sum of USD 3,900,000 on account of the Inter-company Indebtedness.

4.7 The parties shall use their respective best endeavours to procure at the earliest possible date the unconditional release of the Vendor from all its actual and contingent liabilities under and/or in respect of and/or by virtue of each and all of the following (other than the Open Letters of Credit):

- (a) Guarantee issued by the Vendor to Barclays Bank plc dated 1 May 1992; and
- (b) each of the Genesco Contracts; and
- (c) each of the Open Letters of Credit.

Pending the obtaining of such unconditional release(s) and in any event in respect of the Open Letters of Credit, the Purchaser shall indemnify and keep indemnified (and shall reimburse the Vendor on its first demand) against all and any losses or other amounts which the Vendor may be obliged or called upon to pay under and/or in respect of and/or by virtue of the above guarantee, the Genesco Contracts and/or each of the Open Letters of Credit respectively. In meeting their obligations under this clause 4.7 in respect of the Open Letters of Credit, the parties shall follow as nearly as possible the procedures set out in the document attached to this agreement as "Attachment A". The liability of the Purchaser to indemnify in respect of any particular Open Letter of Credit shall be limited to the "Liability Amount" attributed to it in Schedule 9, subject to any subsequently agreed adjustment.

Without prejudice to the foregoing, with regard to the Genesco Contract referred to as item 1 of Schedule 10, being the contract dated 15 December 1993 between (1) the Vendor (2) the Company and (3) Asahi Corporation, ("the Asahi Contract"), the Vendor hereby assigns to the Purchaser and the Purchaser hereby assumes from the Vendor all the Vendor's rights and obligations (other than those accrued prior to the Completion Date) under the Asahi Contract and the parties shall notify Asahi Corporation of such assignment immediately following Completion.

Without prejudice to the foregoing, with regard to the Genesco Contract referred to as item 2 of Schedule 10 being the contract dated 31 May 1994 between (1) Francisco Marcos (2) the Company and (3) the Vendor, ("the Marcos Contract"), the Vendor hereby assigns to the Purchaser and the

Purchaser hereby assumes from the Vendor all the Vendor's rights and obligations (other than those accrued prior to the Completion Date) under the Marcos Contract and the parties shall notify Francisco Marcos of such assignment immediately following Completion.

5. RETENTION

5.1 The Retention shall be paid into a designated interest-bearing account with Lloyds Bank PLC in the joint names of the Vendors' Solicitor and the Purchaser's Nominee ("the Stakeholders' Account") immediately after Completion and the Retention (together with interest accrued thereon) shall be applied in accordance with the provisions of this Clause.

5.2 The Retention shall be held in the Stakeholders' Account until the Completion Accounts become binding in accordance with paragraph 3(D) of Schedule 7.

5.3 Within 14 days of the Completion Accounts becoming so binding, the parties shall procure that any amounts payable to the Purchaser in accordance with Schedule 7 (together with all interest accrued thereon) shall be paid to the Purchaser, and any balance of the Retention (together with all interest accrued thereon) shall forthwith be released to the Vendor's Solicitor.

5.4 The Vendor and the Purchaser shall promptly give to the Vendor's Solicitor and the Purchaser's Nominee respectively all such written instructions as shall be

necessary to give effect to the provisions of this clause and on Completion shall issue to the Vendors' Solicitors and the Purchaser's Nominee a written undertaking accordingly.

6. WARRANTIES

6.1 The Vendor hereby represents, warrants and undertakes to the Purchaser (for itself and as trustee for its successors in title) in the terms of the Warranties and agrees that if any of the Warranties is found to be untrue or incorrect, then, subject to the provisions of this Agreement the Purchaser shall be entitled to claim damages in an amount equal to the amount by which the value of the Shares is less than it would have been if such Warranty had been true and correct, together with all costs and expenses incurred or sustained by the Purchaser as a result of such breach.

6.2 The Warranties are given subject to the matters fully and fairly disclosed in the Disclosure Letter and in the documents annexed thereto but no other information of which the Purchaser may have knowledge (actual or constructive) shall reduce the amount recoverable in respect of any breach of Warranty.

6.3 Each of the Warranties set out in each paragraph and each sub-paragraph of Schedules 4 and 5 shall be separate and independent and save as expressly provided shall not be limited by reference to any other paragraph or sub-paragraph.

6.4 Where any statement set out in Schedules 4 or 5 is expressed to be given or made to the best of the Vendor's knowledge or to the best of the Vendor's knowledge and belief after having made all proper enquiry, or as qualified in some other manner having substantially the same effect, such statement (save where otherwise expressly stated) shall be deemed to be qualified by the additional statement that the Vendor has made such enquiries as are

reasonable in the circumstances including, in all cases, enquiries of the Company.

- 6.5 (a) The Purchaser has entered into this Agreement on the basis of the Warranties and in reliance on them.
- (b) Liability under any of the Warranties shall not be confined to breaches discovered before Completion nor in any way be modified or discharged by Completion.

6.6 Any payment made by the Vendor to the Purchaser in respect of claims under the Warranties or under the Tax Deed of Covenant shall be treated by the parties as a reduction in the consideration for the Shares.

6.7 The benefit of the Warranties shall be capable of being assigned in whole or in part.

6.8 In the event of a claim alleging sexual discrimination being brought by an individual on the basis of exclusion from membership of the Pension Scheme as a result of working fewer than 15 hours per week, the Vendor shall indemnify the Purchaser against all liabilities and costs arising as a result of any such claim but only to the extent that such liabilities and costs relate to periods of employment prior to Completion.

The Purchaser shall promptly inform or shall use its best endeavours to procure that the Company promptly informs the Vendor of any matter which comes to its attention and which in its reasonable opinion may give rise to liability under this indemnity and shall conduct any claim according to any directions of the Vendor and in particular shall not admit liability or settle the liability without the prior consent of the Vendor.

7. LIMITATION ON WARRANTY AND COVENANT CLAIMS

- 7.1 (a) The Vendor shall be under no liability whatsoever in respect of any breach or non-fulfilment of any of the General Warranties unless the Purchaser has served on the Vendor a written notice on or before the date which is twenty calendar months from the Completion Date referring specifically (so far as is reasonably possible) to the Warranty which the Purchaser alleges has been breached or upon which the Purchaser relies and giving reasonable details (so far as is reasonably possible) of the claim including the Purchaser's best estimate of the amount of the liability of the Vendor in respect thereof and unless (if the relevant claim has not been settled, withdrawn or agreed) proceedings shall have been commenced and served upon the Vendor (and not discontinued) on or before the date which is twenty six calendar months from the Completion Date.
- (b) The Vendor shall be under no liability whatsoever in respect of any breach or non-fulfilment of any of the Tax Warranties nor in respect of any claim under the Tax Deed of Covenant unless the Purchaser has served on the Vendor a written notice on or before the seventh anniversary of the Completion Date referring specifically (so far as is reasonably possible) in the case of the Tax Warranties to the Tax Warranty which the Purchaser alleges has been breached or upon which the Purchaser relies and giving reasonable details of the claim including the Purchaser's best estimate of the amount of the liability of the Vendor in respect thereof and unless (if the relevant claim has not been settled, withdrawn or agreed) proceedings shall have been commenced and served upon the Vendor (and not discontinued) on or before the date which is ninety calendar months from the Completion Date.
- 7.2 The Purchaser acknowledges that save for the Warranties, the Purchaser has not relied in relation to the purchase of the Shares, and was not induced to purchase the Shares, on or by any warranties, representations, undertakings,

indemnities or covenants of any description, howsoever or whatsoever and whether express or implied. In addition, the Purchaser irrevocably and unconditionally waives any right which it may have or might have had to claim damages and/or to rescind this agreement for any misrepresentation not contained in this agreement (or any of the other documents referred to in this agreement) or for breach of any express or implied warranties not specifically set out in this agreement.

- 7.3 The Purchaser shall not be entitled to make any claim or claims (however many in number) under the Warranties or the Tax Deed of Covenant where the sum claimed is less than L.500 or its equivalent in other currencies (in the case of USD, converted at the Agreed Exchange Rate), and any such claim or claims shall be disregarded in computing the figure referred to in sub-clause 7.4.
- 7.4 The Vendor shall not be liable in respect of any claim under the Warranties or under the Tax Deed of Covenant unless and to the extent that the aggregate cumulative liability of the Vendor in respect of all such claims exceeds L.50,000 or its equivalent in other currencies (in the case of USD, converted at the Agreed Exchange Rate) but in such event the Vendor shall be liable in respect of the whole amount (subject to sub-clause 7.3) and not merely the excess of such claims over such amount.
- 7.5 The Purchaser shall not be entitled to recover under the Warranties and the Tax Deed of Covenant in aggregate any sum in excess of the aggregate of:
- (a) the Purchase Consideration (as adjusted in accordance with the provisions of Schedule 7); and
 - (b) the consideration of US \$3,846,560 paid by Pentland Sports Group Limited ("PSG") to the Vendor under the US Agreement in respect of the "Assets" (as defined in the US Agreement) as adjusted in accordance with the provisions of clause 1.3 of the US Agreement;

LESS the aggregate amount of any claim(s) at any time recovered by PSG from the Vendor for breach of any warranty, indemnity or representation given to PSG by the Vendor under the terms of the US Agreement.

For the purposes of this clause 7.5, the Agreed Exchange Rate shall be used where applicable.

7.6

The liability of the Vendor for breach of any Warranty or for a claim under the Tax Deed of Covenant shall be reduced by the value of any recoveries which have been, or subsequently are, actually received or obtained by the Purchaser or the Company:

- (a) from any third party responsible for the act, matter or circumstances giving rise to such breach or claim; or
- (b) from any related insurance monies received in respect thereof.

If any recovery is made after the Vendor has made payment to the Purchaser in respect of any such liability, the Purchaser shall refund or procure that there is refunded to the Vendor the lesser of:

- (i) the sum of such payment by the Vendor; and
- (ii) the sum of such recovery;

in each case after deducting all reasonable costs, charges and expenses incurred by the Purchaser or the Company in obtaining such recovery.

7.7

If the Vendor pays at any time to the Purchaser or to the Company a sum pursuant to a claim in respect of the Warranties or under the Tax Deed of Covenant and the Purchaser or the Company subsequently becomes entitled to recover from some other person any sum in respect of any matter giving rise to such claim, the Purchaser shall, and shall procure that the Company shall,

if the Vendor so requires, at the entire cost of the Vendor, use its best endeavours to enforce such recovery, and shall immediately repay to the Vendor (without interest) so much of the sum paid by the Vendor to the Purchaser or the Company as does not exceed the sum recovered from such other person (less any costs, charges and expenses incurred by the Purchaser and/or the Company in recovering that sum from such other person, which have not previously been reimbursed by the Vendor.)

7.8 If the Vendor is liable to the Purchaser under the Warranties or pursuant to the Tax Deed of Covenant by reason of an obligation of the Company to pay advance corporation tax, or any sum recoverable from the Company as if it were advance corporation tax, any sum paid to the Purchaser in respect of such liability shall be refunded, less any Taxation suffered on such tax, when and to the extent that the Company becomes entitled to a reduction in liability to mainstream corporation tax by reason of such payment. Any payment due from the Purchaser under this sub-clause shall be made five Business Days after the date when the Company's Taxation liability which has been so reduced becomes due and payable.

7.9 The Vendor shall be entitled to require and the Purchaser shall procure the auditors of the Company to certify any sum due by the Purchaser under sub-clause 7.8. Unless such certificate is challenged by the Vendor within 21 days of its receipt by the Vendor then it shall in the absence of manifest error be binding on the Vendor. Following any such challenge by the Vendor and unless the matter in dispute can be agreed between the Purchaser and the Vendor within 21 days of such challenge then either party may at any time thereafter refer the matter in dispute to arbitration and the mechanism set out in paragraph 3(C) of Schedule 7 shall apply.

7.10 If the Vendor is liable both in respect of a breach of Warranty and under the Tax Deed of Covenant, the Purchaser shall be entitled to claim in respect of either or both. The Purchaser shall not however be entitled to recover from the Vendor under the Warranties or the Tax Deed of Covenant more than once in

respect of the same damage suffered, and accordingly the Vendor shall not be liable in respect of any breach of the Warranties if and to the extent that the loss is or has been included in a claim under the Tax Deed of Covenant which has been satisfied, nor shall the Vendor be liable in respect of a claim under the Tax Deed of Covenant if and to the extent that the loss is or has been included in a claim for breach of the Warranties which has been satisfied.

7.11 The Vendors' liability in respect of any breach of any of the Warranties or under the Tax Deed of Covenant:

- (a) shall be reduced by the extent that such liability arises or is increased as a result of any legislation not in force at today's date or of any change or changes in legislation or the withdrawal after today's date of any extra statutory concession previously made by the Inland Revenue or any other fiscal authority whether or not such change or changes or withdrawal purport to be effective retrospectively in whole or in part;
- (b) shall be reduced by the extent that such liability arises or is increased as a result of any change in the basis or method of calculation of, or of any increase in the rates of Taxation in either case made or imposed by legislation after Completion with retrospective effect to any period ending before Completion;
- (c) shall be reduced if and to the extent that such liability is attributable to any act, omission, transaction or arrangement of the Purchaser or the Company after Completion; and
- (d) shall be reduced if and to the extent that such loss has been or is made good or is otherwise compensated for without cost to the Purchaser or the Company.

7.12 If the relevant loss, damage, cost, expense or liability of the Company upon which a claim for breach of any of the Warranties or under the Tax Deed of

Covenant is based, results in a reduction in the Taxation actually paid by the Company, then the relevant loss, damage, cost, expense or liability recoverable by the Purchaser from the Vendor in respect of such claim shall be decreased by the amount of such reduction or, as appropriate, the sum payable to the Purchaser by the Vendor for breach of the relevant Warranty or under the Tax Deed of Covenant shall be so decreased.

- 7.13 If under any of the provisions in this clause 7 a claim against the Vendor is expressed as being reduced by reason of some receipt or recovery under any insurance or from any other third party, or if the Purchaser is obliged to make any payment to the Vendor, the amount of such reduction or payment shall be decreased by a sum equal to the Taxation due and payable by the Purchaser and/or the Company in respect of such receipt or recovery.
- 7.14 The Vendor shall be entitled to require, and the Purchaser shall procure, that the auditors of the Company shall certify any decrease referred to in subclause 7.12 or any Taxation referred to in subclause 7.13. Unless such certificate is challenged by the Vendor within 21 days of its receipt by the Vendor then it shall in the absence of manifest error be binding on the Vendor. Following any such challenge by the Vendor and unless the matter in dispute can be agreed between the Purchaser and the Vendor within 21 days of such challenge then either party may at any time thereafter refer the matter in dispute to arbitration and the mechanism set out in paragraph 3(C) of Schedule 7 shall apply.
- 7.15 No claim against the Vendor relating to or arising out of any of the Warranties or under the Tax Deed of Covenant shall be made to the extent that the subject matter of such claim has been reflected in the preparation of the Accounts, or results in an adjustment in accordance with Schedule 7 of the consideration to be paid by the Purchaser to the Vendor for the Shares.
- 7.16 The Vendor shall be under no liability under the Warranties in respect of any matter fully and fairly disclosed in the Disclosure Letter.

8. CONFIDENTIALITY AND ANNOUNCEMENTS

8.1 For the purpose of assuring to the Purchaser the full benefit of the business and goodwill of the Company and in consideration of the agreement of the Purchaser to buy the Shares on the terms hereof the Vendor hereby agrees with the Purchaser and its successors in title that it will not at any time hereafter divulge or communicate to any person (other than to officers, employees or professional advisers of the Vendor whose position makes it necessary for them to know the same or to the Purchaser or its officers, employees or professional advisers ("authorised persons")) and save as may be required by the provisions of any applicable law or the regulations of any relevant stock exchange) any confidential information concerning the business, accounts, financial or contractual arrangements or other dealings, transactions or affairs of the Company which may be within or which may come to its knowledge and that it will use its best endeavours to prevent the publication or disclosure of any confidential information by any authorised person. The Vendor will at the request of the Purchaser use its reasonable endeavours to enforce any contractual rights which the Vendor may have to require the return to it of any confidential information relating to the Company and previously supplied by the Vendor to any prospective purchaser of the Shares or the business of the Company.

8.2 Save as may be required by law or by the rules of any stock exchange no announcement or information concerning this sale and purchase or any ancillary matter shall be made or released before or after Completion to the public or to the press (national, provincial, local or trade) or the suppliers or customers of the Company by any of the parties hereto without the prior written consent of the Purchaser and the Vendor which will not be unreasonably withheld. Where any announcement is required by law or the rules of any stock exchange the parties shall consult with each other prior to such announcement and use all reasonable endeavours to agree the terms of such announcement.

8.3 No announcement or information concerning this sale and purchase or any ancillary matter shall be made after Completion to any employees of the Company by the Vendor without the prior consent of the Purchaser (which consent shall not be unreasonably withheld or delayed) PROVIDED that nothing shall restrict the Vendor from making such disclosures to directors of the Company as may be reasonably necessary for the performance by such directors of their duties.

9. FURTHER ASSURANCE AND AVAILABILITY OF INFORMATION

9.1 The Vendor shall perform such acts and execute such documents as may be reasonably required on or after Completion by the Purchaser for securing to or vesting in the Purchaser the legal and beneficial ownership of the Shares in accordance with the terms and conditions of this Agreement and assuring to the Purchaser the rights hereby granted.

9.2 The parties shall cause to be made available and shall procure that both the Vendor's Accountants and the Purchaser's Accountants shall make available to each of the parties all information in the possession or control of the Vendor, the Company, the Vendor's Accountants, the Purchaser or the Purchaser's Accountants which the parties may from time to time reasonably require (before or after Completion) relating to the business and affairs of the Company (but, in the case of the Vendor, in connection with this Agreement only) and each party shall permit the other party to have access on reasonable notice and at reasonable times to documents containing such information and to take copies thereof.

10. INTEREST

If any party fails to make any payment hereunder on the due date or within the applicable period for payment, such party shall pay interest on the amount for the time being outstanding at the rate of 3% per annum above the base lending rate of Barclays Bank plc for the time being in force on the basis of actual days

elapsed from the due date for payment or from the date of expiry of such period (as the case may be) until payment in full (after as well as before judgement).

11. CONTINUING OBLIGATIONS

11.1 Each of the obligations, warranties, indemnities and undertakings accepted or given by the Vendor or the Purchaser pursuant to this Agreement (hereinafter called "the Obligations"), excluding any of the Obligations fully performed at Completion, shall continue in full force and effect notwithstanding Completion taking place.

11.2 The parties recognise that Roger Holmes ("RH") has reserved the right to contend that his employment with the Company is governed by an alleged undated agreement between himself and Grampian Holdings Plc ("Grampian") which he has signed but which RH has acknowledged has not been signed by Grampian. The Vendor has never acknowledged to RH that it considers such contract to be in force.

In the event that the Purchaser causes the Company to terminate RH's employment with the Company at any time on or before 30 November 1995, then

- (a) The Vendor and the Purchaser shall each use all reasonable efforts to minimise the level of damages or compensation which may be payable to RH as a result of such termination and, in particular, the parties shall cause the Company to challenge any contention by RH that he is entitled to more than 12 months' notice of termination under the terms of his employment and the Vendor shall seek to give such evidential support as it can in support of such contention; and
- (b) The Vendor shall reimburse the Company for any amount which the Company is obliged to pay to RH by way of damages for wrongful

dismissal (but excluding compensation for unfair dismissal or redundancy) to the extent that (if such be the case) such damages are increased by virtue of RH establishing that the notice period under the terms of his employment with the Company exceeds 12 months, but subject to a maximum reimbursement obligation on the Vendor of L.50,000. No settlement of any claim for such damages in respect of which the Vendor will be obliged to make a contribution will be made without the prior approval of the Vendor, such approval not to be unreasonably withheld.

12. COSTS

Each party to this Agreement shall pay its own costs, charges and expenses incurred in the preparation, completion and implementation of this Agreement (and the documents referred to herein).

13. NOTICES

13.1 Any notice or other communication to be given or made under this Agreement or the Tax Deed of Covenant must be in writing and shall either be delivered personally or sent by first class registered post or facsimile transmission. The address for service of each of the parties shall be the following address or such other address as the party to be served may have previously notified to the other:

To the Vendor: Genesco Inc.,
490 Genesco Park
Nashville
Tennessee 37202
Tel: 001 - 615 - 3678325
Fax: 001 - 615 - 3677421
Attention: James S Gulmi

To the Purchaser: Pentland Industries Ltd
The Pentland Centre
Lakeside
Squires Lane
Finchley
London, N3 2QL
Tel: 0181 346 2600
Fax: 0181 346 2700
Attention: Frank A Farrant
With a copy for information to Clive
R Kelly, General Counsel at the same
address.

All notices shall be deemed to have been served as follows:

- (a) if personally delivered, at the time of delivery;
- (b) if posted by first class registered post, at the expiration of 72 hours after the envelope containing the same was delivered into the custody of the postal authorities and shall be effective notwithstanding that it may be misdelivered or returned undelivered; and
- (c) if communicated by facsimile transmission, at the time of transmission provided that a copy of such facsimile transmission is posted by first class registered post on the same day.

PROVIDED that where, in the case of delivery by hand or transmission by facsimile, such delivery or transmission occurs after 6 pm on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9 am on the next following Business Day.

13.2 In proving such service it shall be sufficient to prove that such personal delivery was made, or that the envelope containing such notice was properly addressed and delivered into the custody of the postal authorities as a pre-paid first class

registered letter, and that the facsimile transmission was made after obtaining in person or by telephone appropriate evidence of the capacity of the addressee to receive the same, as the case may be.

13.3 The Vendor hereby appoints the Vendor's Solicitor as its representative who may (without prejudice to the right of the Vendor to do so itself) authorise the making of any request, election, proposal or consent expressed to be made on behalf of the Vendor to the Purchaser.

14. SEVERABILITY

If any provision or provisions of this Agreement (or of any document referred to herein) is or at any time becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement (or such document) shall not in any way be affected or impaired thereby.

15. ENTIRE AGREEMENT AND VARIATION

15.1 This Agreement (together with the other documents referred to herein) constitutes the entire agreement between the parties in relation to the transactions referred to herein or therein and supersedes any previous agreement between the parties in relation to such transactions.

15.2 Each of the parties hereto confirms that, in agreeing to enter into this Agreement, it has not relied on any representation, warranty or undertaking except those contained in this Agreement and (by way of qualification to the Warranties) the Disclosure Letter.

15.3 No variation of any of the terms of this Agreement (or of any other documents referred to herein) shall be effective unless it is in writing and signed by or on behalf of each of the parties hereto or thereto. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

16. GENERAL PROVISIONS

16.1 Any right of rescission or termination conferred upon either party under this Agreement shall (unless otherwise expressed) be in addition to and without prejudice to all other rights and remedies available to it by reason of any breach of any provisions of this Agreement.

16.2 No delay or omission of either party in exercising any right, power or privilege hereunder shall operate to impair such right, power or privilege or be construed as a waiver thereof and no single or partial exercise or non-exercise of any right, power or privilege shall in any circumstances preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16.3 The Vendor agrees that it and its nominees hereby waive any rights which may have been conferred on them under the Articles of Association of the Company or otherwise or in any other way to have any of the Shares offered to them for purchase at any time on or before the transfer of the Shares pursuant to the provisions of this Agreement.

17. GOVERNING LAW AND JURISDICTION

This Agreement (together with all documents referred to herein and unless otherwise provided for therein) shall be governed by and construed and take effect in accordance with English law and each of the parties hereto submits to the non-exclusive jurisdiction of the High Court of England.

AS WITNESS the hands of the parties hereto or of their duly authorised representatives the day and year first before written.

SIGNED by [Roger G. Sisson])
for and on behalf of)
GENESCO INC.) /s/ Roger G. Sisson

SIGNED by [John S. McLaren])
for and on behalf of)
PENTLAND INDUSTRIES)
LIMITED) /s/ John S. McLaren

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

IN THOUSANDS	THREE MONTHS ENDED JULY 31,				SIX MONTHS ENDED JULY 31,			
	1995		1994		1995		1994	
	EARNINGS	SHARES	EARNINGS	SHARES	EARNINGS	SHARES	EARNINGS	SHARES
PRIMARY EARNINGS (LOSS) PER SHARE								
Earnings (loss) before discontinued operations	\$ (1,185)		\$ 2,285		\$ (14,516)		\$ (249)	
Preferred dividend requirements	\$ 76		\$ 76		\$ 151		\$ 151	
Earnings (loss) before discontinued operations applicable to common stock and average common shares outstanding	\$ (1,261)	24,344	\$ 2,209	24,317	\$ (14,667)	24,344	\$ (400)	24,312
Employees preferred and stock options deemed to be a common stock equivalent		-0-		-0-		-0-		-0-
Totals before discontinued operations	\$ (1,261)	24,344	\$ 2,209	24,317	\$ (14,667)	24,344	\$ (400)	24,312
PER SHARE	\$ (.05)		\$.09		\$ (.60)		\$ (.02)	
Net earnings (loss)	\$ 514		\$ (516)		\$ (164)		\$ (3,189)	
Preferred dividend requirements	\$ 76		\$ 76		\$ 151		\$ 151	
Net earnings (loss) applicable to common stock and average common shares outstanding	\$ 438	24,344	\$ (592)	24,317	\$ (315)	24,344	\$ (3,340)	24,312
Employees preferred and stock options deemed to be a common stock equivalent		-0-		-0-		-0-		-0-
Total net earnings (loss)	\$ 438	24,344	\$ (592)	24,317	\$ (315)	24,344	\$ (3,340)	24,312
PER SHARE	\$.02		\$ (.02)		\$ (.01)		\$ (.14)	
FULLY DILUTED EARNINGS (LOSS) PER SHARE								
Earnings (loss) before discontinued operations applicable to common stock and average common shares outstanding	\$ (1,261)	24,344	\$ 2,209	24,317	\$ (14,667)	24,344	\$ (400)	24,312
Senior securities the conversion of which would dilute earnings per share		-0-		-0-		-0-		-0-
Totals before discontinued operations	\$ (1,261)	24,344	\$ 2,209	24,317	\$ (14,667)	24,344	\$ (400)	24,312
PER SHARE	\$ (.05)		\$.09		\$ (.60)		\$ (.02)	
Net earnings (loss) applicable to common stock and average common shares outstanding	\$ 438	24,344	\$ (592)	24,317	\$ (315)	24,344	\$ (3,340)	24,312
Senior securities the conversion of which would dilute earnings per share		-0-		-0-		-0-		-0-
Total net earnings (loss)	\$ 438	24,344	\$ (592)	24,317	\$ (315)	24,344	\$ (3,340)	24,312
PER SHARE	\$.02		\$ (.02)		\$ (.01)		\$ (.14)	

All figures in thousands except amount per share.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S SECOND QUARTER FISCAL 1996 10-Q, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS	JAN-31-1996	
	FEB-01-1995	
	JUL-31-1995	5,388
		0
		32,375
		1,294
		89,427
	168,346	83,635
		55,509
	211,634	
67,411		77,065
		24,832
	0	7,944
		(3,532)
211,634		202,825
	202,825	124,789
		124,789
		0
		1,273
	4,777	
	(14,501)	15
(14,516)		
	14,352	
	0	0
		(164)
		\$ (.01)
		\$ (.01)