GENESCO

Securities and Exchange Commission
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the Fiscal Year Ended February 2, 2008

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

Commission File No. 1-3083

Genesco Inc.

A Tennessee Corporation
I.R.S. No. 62-0211340
Genesco Park
1415 Murfreesboro Road
Nashville, Tennessee 37217-2895
Telephone 615/367-7000

Securities Registered Pursuant to Section 12(b) of the Act

Title	Exchanges on which Registered
Common Stock, $1.00 par value	New York and Chicago
Preferred Share Purchase Rights	New York and Chicago

Securities Registered Pursuant to Section 12(g) of the Act
Subordinated Serial Preferred Stock, Series 1
Employees' Subordinated Convertible Preferred Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

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 and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer; an accelerated filer; a non-accelerated filer; or a smaller reporting company. See definitions of "large accelerated filer," accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one:)

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o (Do not check if smaller reporting company.) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes o No ☑

Documents Incorporated by Reference

Portion of Genesco's Annual Report to Shareholders for the fiscal year ended February 2, 2008 are incorporated into Part II by reference. Portions of the proxy statement for the June 18, 2008 annual meeting of shareholders are incorporated into Part III by reference.

Common Shares Outstanding March 21, 2008 – 22,092,458

The aggregate market value of common stock held by nonaffiliates of the registrant as of August 4, 2007, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $1,100,000,000. The market value calculation was determined using a per share price of $48.25, the price at which the common stock was last sold on the New York Stock Exchange on such date. For purposes of this calculation, shares held by nonaffiliates excludes only those shares beneficially owned by officers, directors, and shareholders owning 10% or more of the outstanding common stock (and, in each case, their immediate family members and affiliates).

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PART I

ITEM 1, BUSINESS

General

Genesco is a leading retailer of branded footwear and licensed and branded headwear and a wholesaler of branded footwear, with net sales for Fiscal 2008 of $1.5 billion. During Fiscal 2008, the Company operated five reportable business segments (not including corporate): Journeys Group, comprised of the Journeys, Journeys Kidz and Shi by Journeys retail footwear chains, catalog and e-commerce operations; Underground Station Group, comprised of the Underground Station and Jarman retail footwear chains and e-commerce operations; Hat World Group, comprised of the Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Kids retail headwear chains and e-commerce operations; Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, catalog and e-commerce operations and wholesale distribution; and Licensed Brands, comprised primarily of Dockers® footwear, sourced and marketed under a license from Levi Strauss & Company. On January 11, 2007, the Company acquired Hat Shack, Inc., a retailer of licensed and branded headwear.

At February 2, 2008, the Company operated 2,175 retail footwear and headwear stores throughout the United States and Puerto Rico including 34 headwear stores in Canada. It currently plans to open a total of 115 new retail stores and close 46 retail stores in Fiscal 2009. At February 2, 2008, Journeys Group operated 967 stores, including 115 Journeys Kidz and 47 Shi by Journeys; Underground Station Group operated 192 stores, including 176 Underground Station stores; Hat World Group operated 862 stores, including 34 stores in Canada and 14 Lids Kids stores, and Johnston & Murphy Group operated 154 retail shops and factory stores.

The following table sets forth certain additional information concerning the Company's retail footwear and headwear stores during the five most recent fiscal years:

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Retail Footwear and Headwear Stores and Leased Departments					
Beginning of year	991	1,046	1,618	1,773	2,009
Opened during year	80	120	193	224	229
Acquired during year	-0-	503	-0-	49	-0-
Closed during year	(25)	(51)	(38)	(37)	(63)
End of year	1,046	1,618	1,773	2,009	2,175

The Company also designs, sources, markets and distributes footwear under its own Johnston & Murphy brand and under the licensed Dockers® brand to over 975 retail accounts in the United States, including a number of leading department, discount, and specialty stores.

Shorthand references to fiscal years (e.g., "Fiscal 2008") refer to the fiscal year ended on the Saturday nearest January 31st in the named year (e.g., February 2, 2008). All information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" which is referred to in Item 1 of this report is incorporated by such reference in Item 1. This report contains forward-looking statements. Actual results may vary materially and adversely from the expectations reflected in these statements. For a discussion of some of the factors that may lead to different results, see Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Available Information

The Company files reports with the Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports from time to time. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F. Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is an electronic filer and the SEC maintains an Internet site at http://www.sec.gov that contains the reports, proxy and information statements, and other information filed electronically. Our website address is http://www.genesco.com. Please note that our website address is provided as an inactive textual reference only. We make available free of charge through our website annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on our website is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this report.

Segments

Journeys Group

The Journeys Group segment, including Journeys, Journeys Kidz and Shi by Journeys retail stores, catalog and e-commerce operations, accounted for approximately 48% of the Company's net sales in Fiscal 2008. Operating income attributable to Journeys Group was $51.1 million in Fiscal 2008, with an operating margin of 7.2%. The Company believes that its innovative store formats, mix of well-known brands, new product introductions, and experienced management team provide significant competitive advantages for Journeys Group.

At February 2, 2008, Journeys Group operated 967 stores, including 115 Journeys Kidz stores and 47 Shi by Journeys stores, averaging approximately 1,825 square feet, throughout the United States and Puerto Rico, selling footwear for young men and women and children.

Journeys Group added 114 net new stores in Fiscal 2008 including 42 net new Journeys Kidz stores and 35 new Shi by Journeys stores. Comparable store sales were down 4% from the prior fiscal year. Journeys stores target customers in the 13-22 year age group through the use of youth-oriented decor and popular music videos. Journeys stores carry predominately branded merchandise across a wide range of prices, including leading brand names such as Vans, Converse, DC and Puma. The Journeys Kidz retail footwear stores sell footwear primarily for younger children ages five to 12. Shi by Journeys retail footwear stores sell footwear and accessories to a target customer group consisting of fashion-conscious women in their early 20's to mid 30's. From a base of 695 Journeys Group stores at the end of Fiscal 2005, the Company opened 66 net new Journeys Group stores in Fiscal 2006, 92 net new stores in Fiscal 2007 and 114 net new stores in Fiscal 2008 and plans to open 62 net new Journeys Group stores in Fiscal 2009.

Underground Station Group

The Underground Station Group segment, including Underground Station and Jarman retail stores, accounted for approximately 8% of the Company's net sales in Fiscal 2008. An operating loss attributable to Underground Station Group was $(7.7) million in Fiscal 2008, with an operating margin of (6.2)%.

At February 2, 2008, Underground Station Group operated 192 stores, including 176 Underground Station stores, averaging approximately 1,775 square feet, throughout the United States, selling footwear and accessories primarily for men and women.

Underground Station stores are located primarily in urban markets. Jarman stores are located primarily in urban and suburban areas in the Southeast and Midwest. Comparable store sales were down 16% for Underground Station Group for Fiscal 2008. For Fiscal 2008, most of the footwear sold in Underground Station stores was branded merchandise, including leading brand names such as Timberland, Phat Farm, Puma, Converse and Ralph Lauren, with the remainder made up of private label brands. The product mix at each Underground Station/Jarman store is tailored to match local customer preferences and competitive dynamics. The Company opened two new Underground Station stores in Fiscal 2008 and closed 21 Underground Station stores and 12 Jarman stores, leaving the total number of Underground Station/Jarman stores at 192. The Company also converted two Jarman stores to Underground Station stores in Fiscal 2008. The Company plans to close approximately 22 Underground Station stores in Fiscal 2009 and close approximately six Jarman stores. The Company has previously announced its intentions eventually to close the remaining Jarman stores or to convert them into Underground Station stores. For additional information, including with respect to the planned closing or conversion of the Company's Jarman stores, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Hat World Group

The Hat World Group segment, including Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Kids retail stores and internet sales, accounted for approximately 25% of the Company's net sales in Fiscal 2008. Operating income attributable to Hat World Group was $32.0 million in Fiscal 2008, with an operating margin of 8.4%.

At February 2, 2008, Hat World Group operated 862 stores, averaging approximately 775 square feet, throughout the United States, Puerto Rico and Canada. Hat World Group added 77 net new stores in Fiscal 2008, and plans to open approximately 27 net new stores in Fiscal 2009.

Comparable store sales for Hat World Group were down 2% for Fiscal 2008. The core adult stores, located in malls, airports, street level stores and factory outlet stores nationwide and in Canada, target customers in the early-teens to mid-20's age group. The new Lids Kids stores, fourteen of which were open at the end of Fiscal 2008, are located in malls and target children up to ten years old. In general, the stores offer headwear from an assortment of college, MLB, NBA, NFL and NHL teams, as well as other specialty fashion categories.

Johnston & Murphy Group

The Johnston & Murphy Group segment, including retail stores, catalog and internet sales and wholesale distribution, accounted for approximately 13% of the Company's net sales in Fiscal 2008. Operating income attributable to Johnston & Murphy Group was $19.8 million in Fiscal 2008, with an operating margin of 10.3%. All of the Johnston & Murphy wholesale sales are of the Genesco-owned Johnston & Murphy brand and approximately 97% of the group's retail sales are of Johnston & Murphy branded products.

Johnston & Murphy Retail Operations. At February 2, 2008, Johnston & Murphy operated 154 retail shops and factory stores throughout the United States averaging approximately 1,650 square feet and selling footwear and accessories for men. Johnston & Murphy retail shops are located primarily in better malls nationwide and sell a broad range of men's dress and casual footwear and accessories. The Company also sells Johnston & Murphy products directly to consumers through a direct mail catalog and an e-commerce website. Johnston & Murphy stores target male business and professional consumers. Comparable store sales for Johnston & Murphy retail operations were up 2% for Fiscal 2008. Retail prices for Johnston & Murphy footwear generally range from $110 to $250. Casual and dress casual footwear accounted for 38% of total Johnston & Murphy retail sales in Fiscal 2008, with the balance consisting of dress shoes and accessories.

Johnston & Murphy Wholesale Operations. In addition to sales through Company-owned Johnston & Murphy retail shops and factory stores, Johnston & Murphy footwear is sold at wholesale, primarily to better department and independent specialty stores. Johnston & Murphy's wholesale customers offer the brand's footwear for dress, dress casual, and casual occasions, with the majority of styles offered in these channels selling from $100-$160.

Licensed Brands

The Licensed Brands segment accounted for approximately 6% of the Company's net sales in Fiscal 2008. Operating income attributable to Licensed Brands was $11.0 million in Fiscal 2008, with an operating margin of 11.8%. Substantially all of the Licensed Brands sales are of footwear marketed under the Dockers® brand, for which Genesco has had the exclusive men's footwear license in the United States since 1991. See "Trademarks and Licenses." Dockers footwear is marketed through many of the same national retail chains that carry Dockers slacks and sportswear. Suggested retail prices for Dockers footwear generally range from $50 to $90.

For further information on the Company's business segments, see Note 15 to the Consolidated Financial Statements included in Item 8 and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Manufacturing and Sourcing

The Company relies on independent third-party manufacturers for production of its footwear products sold at wholesale. The Company sources footwear and accessory products from foreign manufacturers located in China, Italy, Mexico, Brazil, Indonesia, Taiwan, India and Portugal. The Company's retail operations source primarily branded products from third parties, who source primarily overseas.

Competition

Competition is intense in the footwear and headwear industry. The Company's retail footwear and headwear competitors range from small, locally owned stores to regional and national department stores, discount stores, and specialty chains. The Company also competes with hundreds of footwear wholesale operations in the United States and throughout the world, most of which are relatively small, specialized operations, but some of which are large, more diversified companies. Some of the Company's competitors have resources that are not available to the Company. The Company's success depends upon its ability to remain competitive with respect to the key factors of style, price, quality, comfort, brand loyalty, customer service, store location and atmosphere and the ability to offer distinctive products.

Trademarks and Licenses

The Company owns its Johnston & Murphy brand through a wholly-owned subsidiary. The Dockers® brand footwear line, introduced in Fiscal 1993, is sold under a license agreement granting the exclusive right to sell men's footwear under the trademark in the United States, Canada and Mexico. The Dockers license agreement, as amended, expires on December 31, 2009, with a Company option to renew through December 31, 2012, subject to certain conditions. Net sales of Dockers products were $87 million in Fiscal 2008 and $77 million in Fiscal 2007. The Company licenses certain of its footwear brands, mostly in foreign markets. License royalty income was not material in Fiscal 2008.

Wholesale Backlog

Most of the Company's orders in the Company's wholesale divisions are for delivery within 150 days. Because most of the Company's business is at-once, the backlog at any one time is not necessarily indicative of future sales. As of March 1, 2008, the Company's wholesale operations had a backlog of orders, including unconfirmed customer purchase orders, amounting to approximately $36.3 million, compared to approximately $31.4 million on March 3, 2007. The backlog is somewhat seasonal, reaching a peak in spring. The Company maintains in-stock programs for selected product lines with anticipated high volume sales.

Employees

Genesco had approximately 13,950 employees at February 2, 2008, approximately 105 of whom were employed in corporate staff departments and the balance in operations. Retail footwear and headwear stores employ a substantial number of part-time employees and approximately 7,850 of the Company's employees were part-time.

Properties

At February 2, 2008, the Company operated 2,175 retail footwear and headwear stores throughout the United States, Puerto Rico and Canada. New shopping center store leases typically are for a term of approximately 10 years and new factory outlet leases typically are for a term of approximately five years. Both typically provide for rent based on a percentage of sales against a fixed minimum rent based on the square footage leased.

The Company operates four distribution centers (three of which are owned and one of which is leased) aggregating approximately 800,000 square feet. Three of the facilities are located in Tennessee and one in Indiana. The Company's executive offices and the offices of its footwear operations, which are leased, are in Nashville, Tennessee where Genesco occupies approximately 77% of a 295,000 square foot building. The offices of the Company's headwear operations, which are leased, are in a 43,000 square foot building in Indianapolis, Indiana.

The lease on the Company's Nashville office expires in April 2017, with an option to renew for an additional five years. The lease on the Indianapolis office expires in May 2015. The Company believes that all leases of properties that are material to its operations may be renewed on terms not materially less favorable to the Company than existing leases.

Environmental Matters

The Company's former manufacturing operations and the sites of those operations are subject to numerous federal, state, and local laws and regulations relating to human health and safety and the environment. These laws and regulations address and regulate, among other matters, wastewater discharge, air quality and the generation, handling, storage, treatment, disposal, and transportation of solid and hazardous wastes and releases of hazardous substances into the environment. In addition, third parties and governmental agencies in some cases have the power under such laws and regulations to require remediation of environmental conditions and, in the case of governmental agencies, to impose fines and penalties. Several of the facilities owned by the Company (currently or in the past) are located in industrial areas and have historically been used for extensive periods for industrial operations such as tanning, dyeing, and manufacturing. Some of these operations used materials and generated wastes that would be considered regulated substances under current environmental laws and regulations. The Company currently is involved in certain administrative and judicial environmental proceedings relating to the Company's former facilities. See Item 3, Legal Proceedings.

ITEM 1A, RISK FACTORS

Our business is subject to significant risks. You should carefully consider the risks and uncertainties described below and the other information in this Form 10-K, including our consolidated financial statements and the notes to those statements. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we do not presently know about or that we currently consider immaterial may also affect our business operations and financial performance. If any of the events described below actually occur, our business, financial condition or results of operations could be adversely affected in a material way. This could cause the trading price of our stock to decline, perhaps significantly, and you may lose part or all of your investment.

Poor economic conditions affect consumer spending and may significantly harm our business.

The success of our business depends to a significant extent upon the level of consumer spending. A number of factors may affect the level of consumer spending on merchandise that we offer, including, among other things:

- general economic, industry and weather conditions;
- energy costs, which affect gasoline and home heating prices;
- the level of consumer debt;
- interest rates;
- tax rates and policies;
- war, terrorism and other hostilities; and
- consumer confidence in future economic conditions.

Adverse economic conditions and any related decrease in consumer demand for discretionary items could have a material adverse effect on our business, results of operations and financial condition. The merchandise we sell generally consists of discretionary items. Reduced consumer confidence and spending may result in reduced demand for discretionary items and may force us to take inventory markdowns. Reduced demand may also require increased selling and promotional expenses.

Our business involves a degree of fashion risk.

Certain of our businesses serve a fashion-conscious customer base and depend upon the ability of our buyers and merchandisers to react to fashion trends, to purchase inventory that reflects such trends, and to manage our inventories appropriately in view of the potential for sudden changes in fashion or in consumer taste. Our ability to achieve our performance goals for fiscal 2009 in particular depends in part on the success of our efforts to remerchandise and reposition our Underground Station business, which serves a particularly fashion-sensitive market segment. Failure to continue to execute any of these activities successfully could result in adverse consequences, including lower sales, product margins, operating income and cash flows.

Our business and results of operations are subject to a broad range of uncertainties arising out of world and domestic events.

Our business and results of operations are subject to uncertainties arising out of world and domestic events, which may impact not only consumer demand, but also our ability to obtain the products we sell, most of which are produced outside the United States. These uncertainties may include a global economy slowdown, changes in consumer spending or travel, the increase in gasoline and natural gas prices, and the economic consequences of military action or terrorist activities. Any future events arising as a result of terrorist activity or other world events may have a material impact on our business, including the demand for and our ability to source products, and consequently on our results of operations and financial condition. Demand can also be influenced by other factors beyond our control. For example, Hat World's sales have historically been affected by developments in team sports, and could be adversely impacted by player strikes or other season interruptions, as well as by the performance and reputation of certain key teams.

Our business is intensely competitive and increased or new competition could have a material adverse effect on us.

The retail footwear, headwear and accessories markets are intensely competitive. We currently compete against a diverse group of retailers, including other regional and national specialty stores, department and discount stores, small independents and e-commerce retailers, which sell products similar to and often identical to those we sell. Our branded businesses, selling footwear at wholesale, also face intense competition, both from other branded wholesale vendors and from private label initiatives of their retailer customers. A number of different competitive factors could have a material adverse effect on our business, results of operations and financial condition, including:

- increased operational efficiencies of competitors;
- competitive pricing strategies;
- expansion by existing competitors;
- entry by new competitors into markets in which we currently operate; and
- adoption by existing retail competitors of innovative store formats or sales methods.

We are dependent on third-party vendors for the merchandise we sell.

We do not manufacture any of the merchandise we sell. This means that our product supply is subject to the ability and willingness of third-party suppliers to deliver merchandise we order on time and in the quantities and of the quality we need. In addition, a material portion of our retail footwear sales consist of products marketed under brands, belonging to unaffiliated vendors, which have fashion significance to our customers. Our core retail hat business is dependent upon products bearing sports and other logos, each generally controlled by a single licensee/vendor. If those vendors were to decide not to sell to us or to limit the availability of their products to us, we could be unable to offer our customers the products they wish to buy and could lose their business to competitors.

An increase in the cost or a disruption in the flow of our imported products may significantly decrease our sales and profits.

Merchandise originally manufactured and imported from overseas makes up a large proportion of our total inventory. A disruption in the shipping of our imported merchandise or an increase in the cost of those products may significantly decrease our sales and profits. In addition, if imported merchandise becomes more expensive or unavailable, the transition to alternative sources may not occur in time to meet demand. Products from alternative sources may also be of lesser quality or more expensive than those we currently import. Risks associated with our reliance on imported products include:

- disruptions in the shipping and importation of imported products because of factors such as:
  - raw material shortages, work stoppages, strikes and political unrest;
  - problems with oceanic shipping, including shipping container shortages;
  - increased customs inspections of import shipments or other factors causing delays in shipments;
  - economic crises, international disputes and wars; and
- increases in the cost of purchasing or shipping foreign merchandise resulting from:
  - denial by the United States of “most favored nation” trading status to or the imposition of quotas or other restrictions on import from a foreign country from which we purchase goods;
  - import duties, import quotas and other trade sanctions; and
  - increases in shipping rates.

A significant amount of the inventory we sell is imported from the People’s Republic of China, which has in recent years been subject to efforts to increase duty rates or to impose restrictions on imports of certain products.

A small portion of the products we buy abroad are priced in foreign currencies and, therefore, we are affected by fluctuating currency exchange rates. In the past, we have entered into foreign currency exchange contracts with major financial institutions to hedge these fluctuations. We might not be able to effectively protect ourselves in the future against currency rate fluctuations, and our financial performance could suffer as a result. Even dollar-denominated foreign purchases may be affected by currency fluctuations, as suppliers seek to reflect appreciation in the local currency against the dollar in the price of the products that they provide. You should read “Management’s Discussion and Analysis of Financial

Condition and Results of Operations” for more information about our foreign currency exchange rate exposure and hedging activities.

The operation of the Company’s business is heavily dependent on its information systems.

We depend on a variety of information technology systems for the efficient functioning of our business. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to the Company by independent software developers. The inability of these developers or the Company to continue to maintain and upgrade these information systems and software programs could disrupt or reduce the efficiency of our operations. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives or to provide maintenance on existing systems.

The loss of, or disruption in, one of our distribution centers and other factors affecting the distribution of merchandise, could have a material adverse effect on our business and operations.

Each of our operations depends on a single distribution facility. Most of the operation’s inventory is shipped directly from suppliers to its distribution center, where the inventory is then processed, sorted and shipped to our stores or to our wholesale customers. We depend on the orderly operation of this receiving and distribution process, which depends, in turn, on adherence to shipping schedules and effective management of the distribution centers. Although we believe that our receiving and distribution process is efficient and well positioned to support our expansion plans, we cannot assure you that we have anticipated all of the changing demands which our expanding operations will impose on our receiving and distribution system, or that events beyond our control, such as disruptions in operations due to fire or other catastrophic events, labor disagreements or shipping problems (whether in our own or in our third party vendors’ or carriers’ businesses), will not result in delays in the delivery of merchandise to our stores or to our wholesale customers. We also make changes in our distribution processes from time to time in an effort to improve efficiency, maximize capacity, etc. We cannot assure that these changes will not result in unanticipated delays or interruptions in distribution. We depend upon UPS for shipment of a significant amount of merchandise. An interruption in service by UPS for any reason could cause temporary disruptions in our business, a loss of sales and profits, and other material adverse effects.

Our freight cost is impacted by changes in fuel prices through surcharges. Fuel prices and surcharges affect freight cost both on inbound freight from vendors to our distribution centers and outbound freight from our distribution centers to our stores and wholesale customers. Increases in fuel prices and surcharges and other factors may increase freight costs and thereby increase our cost of goods sold.

We face a number of risks in opening new stores.

As part of our growth strategy, we intend to continue to open new stores, both in regional malls, where most of our operational experience lies, and in other venues with which we are less familiar, including lifestyle centers, major city street locations, and tourist destinations. We increased our net store base by 155 in Fiscal 2006, 236 in Fiscal 2007 and 166 in Fiscal

2008, and currently plan to increase our net store base by approximately 69 stores in Fiscal 2009. We cannot assure you that we will be able to achieve our expansion goals or that we will be able to continue our history of operating new stores profitably. Further, we cannot assure you that any new store will achieve similar operating results to those of our existing stores or that new stores opened in markets in which we operate will not have a material adverse effect on the revenues and profitability of our existing stores. The success of our planned expansion will be dependent upon numerous factors, many of which are beyond our control, including the following:

- our ability to identify suitable markets and individual store sites within those markets;
- the competition for suitable store sites;
- our ability to negotiate favorable lease terms for new stores and renewals (including rent and other costs) with landlords;
- our ability to obtain governmental and other third-party consents, permits and licenses needed to construct and operate our stores;
- the ability to build and remodel stores on schedule and at acceptable cost;
- the availability of employees to staff new stores and our ability to hire, train, motivate and retain store personnel;
- the availability of adequate management and financial resources to manage an increased number of stores;
- our ability to adapt our distribution and other operational and management systems to an expanded network of stores; and
- our ability to attract customers and generate sales sufficient to operate new stores profitably.

Additionally, the results we expect to achieve during each fiscal quarter are dependent upon opening new stores on schedule. If we fall behind, we will lose expected sales and earnings between the planned opening date and the actual opening and may further complicate the logistics of opening stores, possibly resulting in additional delays.

Our results of operations are subject to seasonal and quarterly fluctuations, which could have a material adverse effect on the market price of our stock.

Our business is highly seasonal, with a significant portion of our net sales and operating income generated during the fourth quarter, which includes the holiday shopping season. Because a significant percentage of our net sales and operating income are generated in the fourth quarter, we have limited ability to compensate for shortfalls in fourth quarter sales or earnings by changes in our operations or strategies in other quarters. A significant shortfall in results for the fourth quarter of any year could have a material adverse effect on our annual results of operations and on the market price of our stock. Our quarterly results of operations also may fluctuate significantly based on such factors as:

- the timing of new store openings and renewals;
- the amount of net sales contributed by new and existing stores;
- the timing of certain holidays and sales events;
- changes in our merchandise mix;

- general economic, industry and weather conditions that affect consumer spending; and
- actions of competitors, including promotional activity.

A failure to increase sales at our existing stores may adversely affect our stock price and impact our results of operations.

A number of factors have historically affected, and will continue to affect, our comparable store sales results, including:

- competition;
- timing of holidays including sales tax holidays;
- general regional and national economic conditions;
- inclement weather;
- consumer trends, such as less disposable income due the impact of higher gasoline prices;
- changes in our merchandise mix;
- our ability to distribute merchandise efficiently to our stores;
- timing and type of sales events, promotional activities or other advertising;
- new merchandise introductions; and
- our ability to execute our business strategy effectively.

Our comparable store sales results have fluctuated in the past, and we believe such fluctuations may continue. The unpredictability of our comparable store sales may cause our revenue and results of operations to vary from quarter to quarter, and an unanticipated decline in revenues or operating income may cause our stock price to fluctuate significantly.

We are subject to regulatory proceedings and litigation that could have an adverse effect on our financial condition and results of operations.

We are party to certain lawsuits, governmental investigations, and regulatory proceedings, including the suits and proceedings arising out of alleged environmental contamination relating to historical operations of the Company, various suits involving current operations, and a number of suits and an investigation related to our now-terminated merger with The Finish Line, Inc., as disclosed in Note 14 to the Consolidated Financial Statements. If these similar matters are resolved against us, our results of operations or our financial could be adversely affected. The costs of defending such lawsuits and responding to such investigations and regulatory proceedings may be substantial and their potential to distract management from day-to-day business is significant. Moreover, with retail operations in 50 states, Puerto Rico, the U.S. Virgin Islands and Canada, we are subject to federal, state, provincial, territorial and local regulations which impose costs and risks on our business. Changes in regulations could make compliance more difficult and costly and inadvertent violations could result in liability for damages or penalties.

If we lose key members of management or are unable to attract and retain the talent required for our business, our operating results could suffer.

Our performance depends largely on the efforts and abilities of members of our management team. Our executives have substantial experience and expertise in our business and have made significant contributions to our growth and success. The unexpected future loss of services of one or more key members of our management team could have an adverse effect on our business. In addition, future performance will depend upon our ability to attract, retain and motivate qualified employees, including store personnel and field management, to keep pace with our expansion schedule. While we do not believe that our ability to retain key employees has been materially compromised by our now-terminated merger agreement with The Finish Line, Inc., the post-termination drop in our stock price, ongoing litigation related to the proposed merger, and other factors may contribute to a sense of uncertainty about the Company that could make recruiting and retaining such employees more difficult in the near future. If we are unable to do so, our ability to meet our growth goals or to sustain expected levels of profitability may be compromised. Finally, our stores are decentralized, are managed through a network of geographically dispersed management personnel and historically experience a high degree of turnover. If we are for any reason unable to maintain appropriate controls on store operations, including the ability to control losses resulting from inventory and cash shrinkage, our sales and operating margins may be adversely affected. We cannot assure you that we will be able to attract and retain the personnel we need in the future.

Any acquisitions we make or new businesses we launch involve a degree of risk.

We have in the past, and may in the future, engage in acquisitions or launch new businesses to grow our revenues and meet our other strategic objectives. If any future acquisitions are not successfully integrated with our business, our ongoing operations could be adversely affected. Additionally, acquisitions or new businesses may not achieve desired profitability objectives or result in any anticipated successful expansion of the businesses or concepts. Although we review and analyze assets or companies we acquire, such reviews are subject to uncertainties and may not reveal all potential risks. Additionally, although we attempt to obtain protective contractual provisions, such as representations, warranties and indemnities, in connection with acquisitions, we cannot assure you that we can obtain such provisions in our acquisitions or that they will fully protect us from unforeseen costs of the acquisitions. We may also incur significant costs in connection with pursuing possible acquisitions even if the acquisition is not ultimately consummated.

ITEM 1B, UNRESOLVED STAFF COMMENTS

None.

ITEM 2, PROPERTIES

See Item 1, Business — Properties.

ITEM 3, LEGAL PROCEEDINGS

Environmental Matters

New York State Environmental Matters

In August 1997, the New York State Department of Environmental Conservation ("NYSDEC") and the Company entered into a consent order whereby the Company assumed responsibility for conducting a remedial investigation and feasibility study ("RIFS") and implementing an interim remediate measure (“IRM”) with regard to the site of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969. The Company undertook the IRM and RIFS voluntarily, without admitting liability or accepting responsibility for any future remediation of the site. The Company has concluded the IRM and the RIFS. In the course of preparing the RIFS, the Company identified remedial alternatives with estimated undiscounted costs ranging from $-0- to $24.0 million, excluding amounts previously expended or provided for by the Company, as described below. The United States Environmental Protection Agency (“EPA”), which has assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision in September 2007. The Record of Decision requires a remedy of a combination of groundwater extraction and treatment and in-site chemical oxidation at an estimated present worth cost of approximately $10.7 million.

The Village of Garden City, New York, has asserted that the Company is liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical costs ranging from approximately $1.8 million to in excess of $2.5 million, and future operation and maintenance costs which the Village estimates at $126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint against the Company and the owner of the property under provisions of various federal environmental statutes in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it, which the complaint alleges could exceed $41 million over a 70-year period. The Company has not verified the estimates of either historic or future costs asserted by the Village, but believes that an estimate of future costs based on a 70-year remediation period is unreasonable given the expected remedial period reflected in the EPA’s Record of Decision.

Because of uncertainty about when the contamination occurred, the short duration of the Company’s operations at the site, and the activities of at least one unrelated business operation at the site, among other reasons, the Company has not ascertained what responsibility, if any, it has for any contamination in connection with the facility or what other parties may be liable in that connection and is unable to predict the extent of its liability, if any. The Company’s voluntary assumption of certain responsibility to date was based upon its judgment that such action was preferable to litigation to determine its liability, if any for contamination related to the site. The Company intends to continue to evaluate the costs of further voluntary remediation and compromise of the claims asserted by the Village of Garden City compared to the costs and uncertainty of litigation.

In December 2005, the EPA notified the Company that it considers the Company a potentially responsible party (“PRP”) with respect to contamination at two Superfund sites in upstate New York. The sites were used as landfills for process wastes generated by a glue manufacturer, which acquired tannery wastes from several tanners, allegedly including the Company’s Whitehall tannery, for use as raw materials in the gluemaking process. The Company has no records indicating that it ever provided raw materials to the gluemaking operation and has not been able to establish whether EPA’s substantive allegations are accurate. The Company, together with other tannery PRP’s, has entered into cost sharing agreements and Consent Decrees with EPA with respect to both sites. Based upon the current estimates of the cost of remediation, the Company’s share is expected to be less than $150,000 in total for the two sites. While there is no assurance that the Company’s share of the actual cost of remediation will not exceed the estimate, the Company does not presently expect that its aggregate exposure with respect to these two landfill sites will have a material adverse effect on its financial condition or results of operations.

Whitehall Environmental Matters

The Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's former Volunteer Leather Company facility in Whitehall, Michigan.

The Company has submitted to the Michigan Department of Environmental Quality ("MDEQ") and provided for certain costs associated with a remedial action plan (the "Plan") designed to bring the property into compliance with regulatory standards for non-industrial uses and has subsequently engaged in negotiations regarding the scope of the Plan. The Company estimates that the costs of resolving environmental contingencies related to the Whitehall property range from $4.2 million to $4.8 million, and considers the cost of implementing the Plan, as it is modified in the course of negotiations with MDEQ, to be the most likely cost within that range. Until the Plan is finally approved by MDEQ, management cannot provide assurances that no further remediation will be required or that its estimate of the range of possible costs or of the most likely cost of remediation will prove accurate.

Accrual for Environmental Contingences

Related to all outstanding environmental contingencies, the Company had accrued $7.8 million as of February 2, 2008 and $5.8 million as of February 3, 2007. All such provisions reflect the Company's estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Consolidated Balance Sheets.

Merger-Related Litigation

Genesco Inc. v. The Finish Line, et al.

UBS Securities LLC and UBS Loan Finance LLC v. Genesco Inc., et al.

On June 18, 2007, the Company announced that the boards of directors of Genesco and The Finish Line had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash. On September 21, 2007, the Company filed suit against The Finish Line, Inc. in Chancery Court in Nashville, Tennessee seeking a court order requiring The Finish Line to consummate the merger with the Company (the "Tennessee Action"). On September 28, 2007, The Finish Line filed an answer and counterclaim seeking a declaratory judgment as to whether a "Company Material Adverse Effect" had occurred under the merger agreement. The Finish Line also filed a third-party claim against UBS Securities LLC and UBS Finance LLC (collectively, "UBS"), who provided The Finish Line with a commitment letter with respect to the financing for the merger transaction. On October 10, 2007, The Finish Line voluntarily dismissed its claims against UBS, and UBS filed a Motion to Intervene as a defendant in the case and an answer to the Company's complaint. On November 13, 2007, the Company amended its complaint to add an alternative claim for damages. On November 15, 2007, The Finish Line filed an answer to the amended complaint asserting that a Company Material Adverse Effect had occurred under the merger agreement and asserting a counterclaim against the Company for intentional or negligent misrepresentation in connection with the merger agreement.

On November 15, 2007, UBS filed an answer to the amended complaint and a counterclaim asserting fraud against the Company. That same day, UBS also filed a separate lawsuit in the United States District Court for the Southern District of New York (the "New York Action"), naming the Company and The Finish Line as defendants. In the New York Action, UBS sought a declaration that its commitment to provide The Finish Line with financing for the merger transaction was void and/or could be terminated by UBS because The Finish Line would not be able to provide, prior to the expiration of the financing commitment on April 30, 2008, a valid solvency certificate attesting to the solvency of the combined entities resulting from the merger, which certificate was a condition precedent to the closing of the financing. The Company was named in the New York Action as an interested party.

Trial of the Tennessee Action began on December 10, 2007 and concluded on December 18, 2007. On December 27, 2007, the Chancery Court ordered The Finish Line to specifically perform the terms of the Merger Agreement. In its order, the Court rejected UBS's and Finish Line's claims of fraud and misrepresentation and declared that all conditions to the Merger Agreement had been met. The Court also declared that Finish Line had breached the Merger Agreement by not closing the merger. The Court ordered Finish Line to close the merger pursuant to section 1.2 of the Merger Agreement, to use its reasonable best efforts to take all actions to consummate the merger as required by section 6.4(d) of the Merger Agreement, and to use its reasonable best efforts to obtain financing as per section 6.8(a) of the Merger Agreement. The Court excluded from its order any ruling on the issue of the solvency of the combined company, finding that the issue of solvency was reserved for determination by the New York Court in the New York Action filed by UBS.

On January 18, 2008, The Finish Line and UBS each filed a Notice of Appeal and a Motion For Permission For Interlocutory Appeal of the Chancery Court's December 27, 2007 order requiring The Finish Line to specifically perform the terms of the Merger Agreement. On February 13, 2008, the Tennessee Court of Appeals dismissed the Notices of Appeal filed by The Finish Line and UBS on the ground that the Order of the Chancery Court was not a final order. Subsequently, on February 28, 2008, the Court of Appeals also denied The Finish Line's and UBS's Motions For Permission For Interlocutory Appeal.

On February 25, 2008, the Company filed a motion with the Chancery Court for permission to file a second amended complaint alleging claims directly against UBS for procurement of a breach of contract under Tennessee law.

On March 3, 2008, the Company, The Finish Line, and UBS entered into a definitive agreement for the termination of the merger agreement with The Finish Line and the settlement of all related litigation among The Finish Line and the Company and UBS, including the Tennessee Action and the New York Action. Pursuant to the settlement agreement, the parties agreed that: (1) the merger agreement between the Company and The Finish Line would be terminated; (2) the financing commitment from UBS to The Finish Line would be terminated; (3) on or before March 7, 2008, UBS and The Finish Line would pay to the Company an aggregate of $175 million in cash; (4) on or before March 7, 2008, The Finish Line would transfer to the Company a number of Class A shares of The Finish Line common stock equal to 12.0% of the total post-issuance outstanding shares of The Finish Line common stock; (5) the Company and The Finish Line would be subject to a mutual standstill agreement; and (6) the parties would execute customary mutual releases. The cash payment and the Class A shares of The Finish Line common stock have been received by the Company in accordance with the settlement agreement.

A Stipulation of Dismissal With Prejudice was filed in the New York Action on March 4, 2008. The parties will also file a Stipulation of Dismissal in the Tennessee Action.

Investigation by the Office of the U.S. Attorney for the Southern District of New York

On November 21, 2007, the Company received a grand jury subpoena from the Office of the U.S. Attorney for the Southern District of New York for documents relating to the Company's negotiations and merger agreement with The Finish Line. The subpoena states that the documents are sought in connection with alleged violations of federal fraud statutes. The Company is cooperating fully with the U.S. Attorney's Office and producing documents pursuant to the subpoena.

Roeglin v. Genesco Inc., et al.

On December 5, 2007, a class action complaint alleging violations of the federal securities laws on behalf of all purchasers of the Company's common stock between April 20, 2007 and November 26, 2007 was filed against the Company and four of its officers in the U.S. District Court for the Middle District of Tennessee. The complaint alleges that the defendants violated federal securities laws by making false and misleading statements about the Company's business during that period. It seeks unspecified damages and interest, costs and attorneys' fees and other relief. The Company does not believe there is any merit to the allegations and intends to defend these claims vigorously.

Koshti v. Genesco Inc., et al.

On December 13, 2007, a second class action complaint alleging violations of the federal securities laws on behalf of all purchasers of the Company's common stock between April 20, 2007 and November 26, 2007 was filed against the Company and three of its officers in the U.S. District Court for the Middle District of Tennessee. The Complaint alleges that the defendants violated federal securities laws by failing to disclose material adverse facts about the Company's financial well being and prospects during the class period. The complaint seeks unspecified damages and interest, costs and attorneys' fees and other relief. The Company does not believe there is any merit to the allegations and intends to defend these claims vigorously. On January 22, 2008, the U.S. District Court entered a stipulation and Order consolidating the *Koshti* case with the *Roeglin* case.

Falzone v. Genesco Inc., et al.

On December 11, 2007, a class action complaint alleging violations of the federal securities laws on behalf of all purchasers of the Company's common stock between May 31, 2007 and November 16, 2007 was filed against the Company and one of its officers in the U.S. District Court for the Southern District of New York. The complaint alleged that the defendants violated federal securities laws by making false and misleading statements about the Company's business during that period. It sought unspecified damages and interest, costs and attorneys' fees and other relief. On February 5, 2008, the plaintiff filed a Stipulation and Order of Discontinuance Without Prejudice dismissing the case in light of the earlier filed cases in Tennessee.

Phillips v. Genesco Inc., et al.

On April 24, 2007, a putative class action, Maxine Phillips, on Behalf of Herself and All Others Similarly Situated vs. Genesco Inc., et al., was filed in the Tennessee Chancery Court in Nashville. The original complaint alleged, among other things, that the individual defendants (officers and directors of the Company) refused to consider properly the proposal by Foot Locker, Inc. to acquire the Company. The complaint sought class certification, a declaration that defendants have breached their fiduciary and other duties, an order requiring defendants to implement a process to obtain the highest possible price for shareholders' shares, and an award of costs and attorney's fees. The defendants have not filed a response to the complaint as of the date of this report. Following the execution of the merger agreement with The Finish Line, Inc., the plaintiff filed an amended complaint alleging breach of fiduciary duties by the individual defendants in connection with the board of directors' approval of the merger agreement and the disclosures made in the preliminary proxy statement related to the merger and seeking injunctive relief. The Company and the individual defendants reached an agreement with plaintiff under which the Company agreed to include certain additional disclosures in its definitive proxy statement related to the merger that was filed on August 13, 2007. The parties executed a Memorandum of Understanding to formalize the settlement on September 10, 2007. Under the terms of the Memorandum, the Company agreed to pay $450,000 in attorneys' fees and expenses if the settlement and payment of fees were approved by the Court and certain other conditions, including the consummation of the merger with The Finish Line, were to occur.

California Employment Matter

On November 4, 2005, a former employee gave notice to the California Labor Work Force Development Agency ("LWDA") of a claim against the Company for allegedly failing to provide a payroll check that is negotiable and payable in cash, on demand, without discount, at an established place of business in California, as required by the California Labor Code. On May 18, 2006, the same claimant filed a putative class, representative and private attorney general action alleging the same violations of the Labor Code in the Superior Court of California, Alameda County, seeking statutory penalties, damages, restitution, and injunctive relief. On February 21, 2007, the court granted leave for the plaintiff to file an amended complaint adding the Company's wholly-owned subsidiary, Hat World, Inc., as a defendant. The Company disputes the material allegations of the complaint. The parties have agreed to third-party mediation of the claims in the litigation. If the mediation does not resolve the issues in the litigation, we will continue to defend the matter vigorously.

Patent Action

The Company is named as a defendant in *Paul Ware and Financial Systems Innovation, L.L.C. v. Abercrombie & Fitch Stores, Inc., et al.,* filed on June 19, 2007, in the United States District Court for the Northern District of Georgia, against more than 100 retailers. The suit alleges that the defendants have infringed U.S. Patent No. 4,707,592 by using a feature of their retail point of sale registers to generate transaction numbers for credit card purchases. The complaint seeks treble damages in an unspecified amount and attorneys' fees. The Company has filed an answer denying the substantive allegations in the complaint and asserting certain affirmative defenses. On December 14, 2007, the Company filed a third-party complaint against Datavantage Corporation and MICROS Systems, Inc., its vendor for the technology at issue in the case, seeking indemnification and defense against the infringement allegations in the complaint. On December 27, 2007, the court stayed proceedings in the litigation pending the outcome of a reexamination of the patent by the U. S. Patent and Trademark Office.

Tennessee Department of Environment and Conservation Inquiry

The Company has received an inquiry from the Tennessee Department of Environment and Conservation concerning waste disposal on the premises of a manufacturing facility operated by the Company more than 25 years ago. The letter of inquiry did not disclose the reason for the inquiry. The Company is gathering information for its response to the inquiry, which is due May 1, 2008.

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

There were no matters submitted to a vote of security holders during the fourth quarter of Fiscal 2008.

EXECUTIVE OFFICERS OF THE REGISTRANT

The officers of the Company are generally elected at the first meeting of the board of directors following the annual meeting of shareholders and hold office until their successors have been chosen and qualified. The name, age and office of each of the Company's executive officers and certain information relating to the business experience of each are set forth below:

Hal N. Pennington, 70, Chairman and Chief Executive Officer. Mr. Pennington has served in various roles during his 46 year tenure with Genesco. He was vice president-wholesale for Johnston & Murphy from 1990 until his appointment as president of Dockers Footwear in August 1995. He was named president of Johnston & Murphy in February 1997 and named senior vice president in June 1998. Mr. Pennington was named executive vice president, chief operating officer and a director of the Company as of November 1999. Mr. Pennington was named president of the Company as of November 2000. Mr. Pennington was named chief executive officer of the Company as of April 2002. Mr. Pennington was named chairman as of October 2004.

Robert J. Dennis, 54, President and Chief Operating Officer. Mr. Dennis joined the Company in 2004 as chief executive officer of the Company's newly acquired Hat World business. Mr. Dennis was named senior vice president of the Company in June 2004 and executive vice president and chief operating officer, with oversight responsibility for all the Company's operating divisions, in October 2005. Mr. Dennis was named president of the Company in October 2006. Mr. Dennis joined Hat World in 2001 from Asbury Automotive, where he was employed in senior management roles beginning in 1998. Mr. Dennis was with McKinsey and Company, an international consulting firm, from 1984 to 1997, where he became a partner in 1990.

James S. Gulmi, 62, Senior Vice President — Finance and Chief Financial Officer. Mr. Gulmi joined the Company in 1971 as a financial analyst, appointed assistant treasurer in 1974 and named treasurer in 1979. He was elected a vice president in 1983 and assumed the responsibilities of chief financial officer in 1986. Mr. Gulmi was appointed senior vice president — finance in January 1996.

James C. Estepa, 56, Senior Vice President. Mr. Estepa joined the Company in 1985 and in February 1996 was named vice president operations of Genesco Retail, which included the Jarman Shoe Company, Journeys, Boot Factory and General Shoe Warehouse. Mr. Estepa was named senior vice president operations of Genesco Retail in June 1998. He was named president of Journeys in March 1999. Mr. Estepa was named senior vice president of the Company in April 2000. He was named president and chief executive officer of the Genesco Retail Group in 2001, assuming additional responsibilities of overseeing Underground Station.

Jonathan D. Caplan, 54, Senior Vice President. Mr. Caplan rejoined the Company in 2002 as chief executive officer of the branded group and president of Johnston & Murphy and was named senior vice president in November 2003. Mr. Caplan first joined the Company in June 1982 and served as president of Genesco's Laredo-Code West division from December 1985 to May 1992. After that time, Mr. Caplan was president of Stride Rite's Children's Group and then its Ked's Footwear division, from 1992 to 1996. He was vice president, New Business Development and Strategy, for Service Merchandise Corporation from 1997 to 1998. Prior to joining Genesco in October 2002, Mr. Caplan served as president and chief executive officer of Hi-Tec Sports North America beginning in 1998.

Kenneth J. Kocher, 42, Senior Vice President. Mr. Kocher was named senior vice president in October 2006 in addition to continuing his role as president of Hat World. Mr. Kocher joined Hat World in 1997 as chief financial officer and was named president in October 2005. Prior to joining Hat World, he served as a controller with several companies and was a certified public accountant with Edie Bailley, a public accounting firm.

John W. Clinard, 60, Senior Vice President – Administration and Human Resources. Mr. Clinard has served in various human resources capacities during his 36 year tenure with Genesco. He was named vice president — human resources in June 1997. He was named vice president administration and human resources in November 2000. He was named senior vice president administration and human resources in October 2006.

Roger G. Sisson, 44, Senior Vice President, Secretary and General Counsel. Mr. Sisson joined the Company in 1994 as assistant general counsel and was elected secretary in February 1994. He was named general counsel in January 1996. Mr. Sisson was named vice president in November 2003. He was named senior vice president in October 2006. Before joining the Company, Mr. Sisson was associated with a Nashville law firm for approximately six years.

Mimi Eckel Vaughn, 41, Senior Vice President, Strategy and Business Development. Ms. Vaughn joined the Company in 2003 as vice president of strategy and business development. She was named senior vice president, strategy and business development in October 2006. Prior to joining the Company, Ms. Vaughn was executive vice president of business development and marketing, and acting chief financial officer from 2000 to 2001 for Link2Gov Corporation in Nashville. From 1993 to 1999, she was a consultant at McKinsey and Company in Atlanta. Prior to joining McKinsey, she held various corporate finance positions at Goldman, Sachs & Co., Wasserstein Perella & Co. Inc. and Drexel Burnham Lambert.

Matthew N. Johnson, 43, Vice President Finance and Treasurer. Mr. Johnson joined the Company in 1993 as manager, corporate finance and was elected assistant treasurer in December 1993. He was elected treasurer in June 1996. He was named vice president finance in October 2006. Prior to joining the Company, Mr. Johnson was a vice president in the corporate and institutional banking division of The First National Bank of Chicago.

Paul D. Williams, 53, Vice President and Chief Accounting Officer. Mr. Williams joined the Company in 1977, was named director of corporate accounting and financial reporting in 1993 and chief accounting officer in April 1995. He was named vice president in October 2006.

PART II

ITEM 5, MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed on the New York Stock Exchange (Symbol: GCO) and the Chicago Stock Exchange. The following table sets forth for the periods indicated the high and low sales prices of the common stock as shown in the New York Stock Exchange Composite Transactions listed in the Wall Street Journal.

Fiscal Year ended February 3

	High	Low
2007 1st Quarter	$ 42.60	$ 37.33
2nd Quarter	43.72	25.50
3rd Quarter	38.73	26.05
4th Quarter	42.15	35.46

Fiscal Year ended February 2

	High	Low
2008 1st Quarter	$ 51.30	$ 34.57
2nd Quarter	54.15	47.09
3rd Quarter	52.06	41.00
4th Quarter	45.67	24.98

There were approximately 4,800 common shareholders of record on March 21, 2008.

The Company has not paid cash dividends in respect of its common stock since 1973. The Company's ability to pay cash dividends in respect of its common stock is subject to various restrictions. See Notes 6 and 8 to the Consolidated Financial Statements included in Item 8 and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Future Capital Needs" for information regarding restrictions on dividends and redemptions of capital stock.

The following table provides information relating to the Company's repurchase of common stock for the fourth quarter of Fiscal 2008.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total of Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
November 2007 11-4-07 to 12-1-07	104	$42.10	-0-	$-0-
December 2007 12-2-07 to 12-29-07	244	$33.28	-0-	$-0-
January 2008 12-30-07 to 2-2-08	-0-	-0-	-0-	$-0-

(1) These shares represent shares withheld from vested restricted stock to satisfy the minimum withholding requirement for federal taxes.

Stock Performance Graph

Refer to the Company's 2008 Annual Report to Shareholders which is incorporated herein by reference solely as it relates to this item.

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ITEM 6, SELECTED FINANCIAL DATA

Financial Summary In Thousands except per common share data, financial statistics and other data	2008	2007	2006	2005	Fiscal Year End 2004
Results of Operations Data					
Net sales	**$1,502,119**	$ 1,460,478	$ 1,283,876	$ 1,112,681	$ 837,379
Depreciation	**45,114**	40,306	34,622	31,266	24,607
Earnings from operations	**45,161**	121,045	112,827	88,064	51,649
Earnings before income taxes from continuing operations	**32,735**	111,118	102,470	77,102	44,360
Earnings from continuing operations	**8,488**	68,247	62,626	48,460	29,025
(Provision for) earnings from discontinued operations, net	**(1,603)**	(601)	60	(211)	(888)
Net earnings	**$ 6,885**	$ 67,646	$ 62,686	$ 48,249	$ 28,137
Per Common Share Data					
Earnings from continuing operations					
Basic	**$ .37**	$ 3.00	$ 2.73	$ 2.19	$ 1.32
Diluted	**.36**	2.61	2.38	1.92	1.24
Discontinued operations					
Basic	**(.07)**	(.02)	.01	(.01)	(.04)
Diluted	**(.07)**	(.02)	.00	(.01)	(.04)
Net earnings					
Basic	**.30**	2.98	2.74	2.18	1.28
Diluted	**.29**	2.59	2.38	1.91	1.20
Balance Sheet Data					
Total assets	**$ 804,556**	$ 729,373	$ 686,118	$ 635,571	$ 448,313
Long-term debt	**155,220**	109,250	106,250	161,250	86,250
Non-redeemable preferred stock	**5,338**	6,602	6,695	7,474	7,580
Common shareholders’ equity	**416,077**	398,624	342,056	264,591	204,665
Capital expenditures	**80,662**	73,287	56,946	39,480	22,540
Financial Statistics					
Earnings from operations as a percent of net sales	**3.0%**	8.3%	8.8%	7.9%	6.2%
Book value per share (common shareholders’ equity divided by common shares outstanding)	**$ 18.25**	$ 17.53	$ 14.71	$ 11.79	$ 9.42
Working capital (in thousands)	**$ 238,093**	$ 200,330	$ 184,986	$ 176,245	$ 197,569
Current ratio	**2.6**	2.5	2.2	2.4	3.4
Percent long-term debt to total capitalization	**26.9%**	21.2%	23.4%	37.2%	28.9%
Other Data (End of Year)					
Number of retail outlets*	**2,175**	2,009	1,773	1,618	1,046
Number of employees**	**13,950**	12,750	11,100	9,600	6,200

* Includes 49 Hat Shack stores in Fiscal 2007 acquired January 11, 2007, 486 Hat World stores in Fiscal 2005 acquired April 1, 2004 and 17 Cap Connection stores in Fiscal 2005 acquired July 1, 2004. See Note 2 to the Consolidated Financial Statements.

** Includes the addition of over 2,800 Hat World employees in Fiscal 2005 due to the acquisition.

Reflected in earnings from continuing operations for Fiscal 2008 were $27.6 million in merger-related costs and litigation expenses. These expenses were not deductible for tax purposes in Fiscal 2008. See Notes 13 and 14 to the Consolidated Financial Statements for additional information regarding these charges.

Reflected in earnings from continuing operations for Fiscal 2008, 2007, 2006, 2005 and 2004 were restructuring and other charges of $9.7 million, $1.1 million, $2.3 million, $1.2 million and $1.9 million, respectively. See Note 3 to the Consolidated Financial Statements for additional information regarding these charges.

Reflected in earnings from continuing operations for Fiscal 2005 was a favorable tax settlement of $0.5 million and for Fiscal 2005 and Fiscal 2004 were tax benefits of $0.2 million and $1.1 million, respectively, resulting from the reversal of previously accrued income taxes. See Note 9 to the Consolidated Financial Statements for additional information regarding these charges.

Long-term debt includes current obligations. In December 2006, the Company entered into an amended and restated credit agreement in the aggregate principal amount of $200.0 million. In April 2004, the Company entered into a credit facility totaling $175.0 million. Included in the facility was a $100.0 million term loan used to fund a portion of the Hat World acquisition. In June 2003, the Company issued $86.3 million of 4 1/8% convertible subordinated debentures due 2023. The Company used the proceeds plus additional cash to pay off $103.2 million of its 5 1/2% convertible subordinated notes which resulted in a $2.6 million loss on the early retirement of debt reflected in earnings from continuing operations for Fiscal 2004. See Note 6 to the Consolidated Financial Statements for additional information regarding the Company’s debt.

The Company has not paid dividends on its Common Stock since 1973. See Notes 6 and 8 to the Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Future Capital Needs” for a description of limitations on the Company’s ability to pay dividends.

ITEM 7, MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This discussion and the notes to the Consolidated Financial Statements, as well as Item 1, Business, include certain forward-looking statements, which include statements regarding our intent, belief or expectations and all statements other than those made solely with respect to historical fact. Actual results could differ materially from those reflected by the forward-looking statements in this discussion and a number of factors may adversely affect the forward looking statements and the Company's future results, liquidity, capital resources or prospects. These include continuing weakness in the consumer economy, fashion trends that affect the sales or product margins of the Company's retail product offerings, changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons, changes in buying patterns by significant wholesale customers, disruptions in product supply or distribution, further unfavorable trends in fuel costs, foreign currency exchange rates, foreign labor and materials costs, and other factors affecting the cost of products, and competition in the Company's markets. Additional factors that could affect the Company's prospects and cause differences from expectations include the ability to open, staff and support additional retail stores on schedule and at acceptable expense levels and to renew leases in existing stores on schedule and at acceptable expense levels, the ability to negotiate acceptable lease terminations and otherwise to execute the previously announced store closing plans on schedule and at expected expense levels, unexpected changes to the market for our shares, variations from expected pension-related charges caused by conditions in the financial markets, and the outcome of litigation, investigations and environmental matters involving the Company. For a discussion of additional risk factors, See Item 1A, Risk Factors.

Overview

Description of Business

The Company is a leading retailer of branded footwear and of licensed and branded headwear, operating 2,175 retail footwear and headwear stores throughout the United States and Puerto Rico including 34 headwear stores in Canada as of February 2, 2008. The Company also designs, sources, markets and distributes footwear under its own Johnston & Murphy brand and under the licensed Dockers® brand to more than 975 retail accounts in the United States, including a number of leading department, discount, and specialty stores.

The Company operates five reportable business segments (not including corporate): Journeys Group, comprised of the Journeys, Journeys Kidz and Shi by Journeys retail footwear chains, catalog and e-commerce operations; Underground Station Group, comprised of the Underground Station and Jarman retail footwear chains and e-commerce operations; Hat World Group, comprised of the Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Kids retail headwear chains and e-commerce operations; Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, catalog and e-commerce operations and wholesale distribution; and Licensed Brands, comprised primarily of Dockers® Footwear sourced and marketed under a license from Levi Strauss & Company.

The Journeys retail footwear stores sell footwear and accessories primarily for 13 to 22 year old men and women. The stores average approximately 1,875 square feet. The Journeys Kidz retail footwear stores sell footwear primarily for younger children, ages five to 12. These stores average approximately 1,400 square feet. Shi by Journeys retail footwear stores, the first of which opened in November 2005, sell footwear and accessories to a target customer group consisting of fashion-conscious women in their early 20's to mid 30's. These stores average approximately 2,125 square feet.

The Underground Station Group retail footwear stores sell footwear and accessories primarily for men and women in the 20 to 35 age group. The Underground Station Group stores average approximately 1,775 square feet. In May of 2007, the Company announced a plan to close or convert up to 57 underperforming stores, including 49 Underground Station stores, due to the deterioration in the urban market. Previously, in the fourth quarter of Fiscal 2004, the Company made the strategic decision to close 34 Jarman stores not suitable for conversion to Underground Station stores subject to its ability to negotiate lease terminations. The Company intends to convert or close the remaining Jarman stores as quickly as it is financially feasible, subject to landlord approval. During Fiscal 2008, 12 Jarman stores were closed and two Jarman stores were converted to Underground Station stores. During Fiscal 2007, 16 Jarman stores were closed and three were converted.

The Hat World, Lids, Hat Shack, Hat Zone, Head Quarters and Cap Connection retail stores and kiosks sell licensed and branded headwear to men and women primarily in the early-teens to mid-20's age group. Hat World also operates Lids Kids, offering licensed and branded headwear, apparel and accessories to children up to 10 years old. The Hat World Group locations average approximately 775 square feet and are primarily in malls, airports, street level stores and factory outlet stores throughout the United States, Puerto Rico and in Canada.

Johnston & Murphy retail shops sell a broad range of men's footwear and accessories. These shops average approximately 1,400 square feet and are located primarily in better malls nationwide. Johnston & Murphy shoes are also distributed through the Company's wholesale operations to better department and independent specialty stores. In addition, the Company sells Johnston & Murphy footwear and accessories in factory stores located in factory outlet malls. These stores average approximately 2,350 square feet.

The Company entered into an exclusive license with Levi Strauss and Company to market men's footwear in the United States under the Dockers® brand name in 1991. Levi Strauss & Co. and the Company have subsequently added additional territories, including Canada and Mexico. The Dockers license agreement was renewed November 1, 2006. The Dockers license agreement, as amended, expires on December 31, 2009 with a Company option to renew through December 31, 2012, subject to certain conditions. The Company uses the Dockers name to market casual and dress casual footwear to men aged 30 to 55 through many of the same national retail chains that carry Dockers slacks and sportswear and in department and specialty stores across the country.

Strategy

The Company's strategy has been to seek long-term, organic growth by: 1) increasing the Company's store base, 2) increasing retail square footage, 3) improving comparable store sales, 4) increasing operating margin and 5) enhancing the value of its brands. Our future results are subject to various risks, uncertainties and other challenges, including those discussed under the caption "Forward Looking Statements," above and those discussed in Item 1A, Risk Factors. Generally, the Company attempts to develop strategies to help mitigate the risks it views as material, including those discussed in Item 1A, Risk Factors. Among the most important of these factors are those related to consumer demand. Conditions in the external economy can affect demand, resulting in changes in sales and, as prices are adjusted to drive sales and manage inventories, in gross margins. Because fashion trends influencing many of the Company's target customers (particularly customers of Journeys Group, Underground Station Group and Hat World Group) can change rapidly, the Company believes that its ability to react quickly to those changes has been important to its success. Even when the Company succeeds in aligning its merchandise offerings with consumer preferences, those preferences may affect results by, for example, driving sales of products with lower average selling prices. Moreover, economic factors, such as current, high fuel prices and the possibility of recession, may reduce the consumer's disposable income or his or her willingness to purchase discretionary items, and thus may reduce demand for the Company's merchandise, regardless of the Company's skill in detecting and responding to fashion trends. The Company believes its experience and discipline in merchandising and the buying power associated with its relative size in the industry are important to its ability to mitigate risks associated with changing customer preferences and other reductions in consumer demand. Also important to the Company's long-term prospects are the availability and cost of appropriate locations for the Company's retail concepts. The Company is opening stores in airports and on streets in major cities and tourist venues, among other locations, in an effort to broaden its selection of locations for additional stores beyond the malls that have traditionally been the dominant venue for its retail concepts.

Summary of Operating Results

The Company's net sales increased 2.9% during Fiscal 2008 compared to Fiscal 2007. The increase was driven primarily by an 18% increase in Licensed Brands sales, an 11% increase in Hat World Group sales, a 3% increase in Johnston & Murphy Group sales and a 2% increase in Journeys Group sales offset by a 20% decrease in Underground Station Group sales. Gross margin was flat as a percentage of net sales for Fiscal 2008. Selling and administrative expenses increased as a percentage of net sales during Fiscal 2008, reflecting increases as a percentage of net sales in Journeys Group, Underground Station Group, Hat World Group and Johnston & Murphy Group, as well as an additional $27.6 million of expense associated with the Company's now terminated merger with The Finish Line, Inc. and related litigation with The Finish Line and its investment bankers. The Company recorded an effective tax rate of 74.1% for Fiscal 2008 compared to 38.6% for Fiscal 2007 as a result of the non-deductible expenses incurred in connection with the now terminated merger. Earnings from operations decreased as a percentage of net sales during Fiscal 2008, primarily due to decreased earnings from operations in the Journeys Group, Underground Station Group and Hat World Group, as a result of a difficult retail environment, particularly in footwear, partially offset by an increase in earnings from operations in the Johnston & Murphy Group and Licensed Brands, and as a result of the merger-related expense.

Significant Developments

Terminated Merger Agreement

The Company announced in June 2007 that the boards of directors of both Genesco and The Finish Line, Inc. had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash (the "Proposed Merger"). The Finish Line breached the merger agreement and litigation ensued. The Proposed Merger was terminated in March 2008 in connection with an agreement to settle the litigation with The Finish Line and its investment bankers for a cash payment of $175.0 million to the Company and a 12% equity stake in The Finish Line, which the Company has received. The Company will distribute to its shareholders 6,518,971 shares of Class A Common Stock of The Finish Line, Inc. The Company is required to distribute the shares to its shareholders as soon as practicable once Finish Line registers the shares with the SEC and lists them on NASDAQ. The Company expects to set the record date for the distribution soon after the registration and listing process is complete. During Fiscal 2008, the Company expensed $27.6 million in merger-related costs and litigation expenses. As of March 25, 2008, the Company had expensed an additional $6.1 million of such costs and expenses in the first quarter of Fiscal 2009. The Company believes that most of the $27.6 million in merger-related costs and litigation expenses will be tax deductible in Fiscal 2009. For additional information, see the "Merger-Related Litigation" section in Note 14 to the Consolidated Financial Statements.

Hat Shack Acquisition

On January 11, 2007, Hat World acquired 100% of the outstanding stock of Hat Shack, Inc., which operated 49 Hat Shack retail headwear stores located primarily in the southeastern United States, for a purchase price of $16.6 million plus debt assumed of $2.2 million funded from cash on hand.

Restructuring and Other Charges

The Company recorded a total pretax charge to earnings of $10.6 million ($6.4 million net of tax) in Fiscal 2008. The charge reflected in restructuring and other, net included $8.7 million of charges for retail store asset impairments and $1.5 million for lease terminations, offset by $0.5 million in excise tax refunds and an antitrust settlement. The asset impairments reflected deterioration in the urban market as well as underperforming stores in some of the Company's other markets. Also included in the charge was $0.9 million in excess markdowns related to the Underground Station Group store lease terminations which is reflected in cost of sales on the Consolidated Statements of Earnings.

The Company recorded a pretax charge to earnings of $1.1 million ($0.7 million net of tax) in Fiscal 2007. The charge included $2.2 million of charges for asset impairments and the early termination of a license agreement offset by $1.1 million of gift card related income and a favorable litigation settlement.

The Company recorded a pretax charge to earnings of $2.3 million ($1.4 million net of tax) in Fiscal 2006. The charge included $1.7 million for the settlement of a California employment class action and $0.6 million for retail store asset impairments and lease terminations of 13 Jarman stores pursuant to the plan announced by the Company in Fiscal 2004 to close or convert into other retail concepts all remaining Jarman stores.

Postretirement Benefit Liability Adjustments

The return on pension plan assets was a gain of $9.2 million for Fiscal 2008 compared to a gain of $9.5 million in Fiscal 2007. The interest rate used to measure benefit obligations increased from 5.75% to 5.875% in Fiscal 2008. As a result of the increase in return on plan assets and the increase in the discount rate, the pension liability was reduced to $6.6 million on the Consolidated Balance Sheets compared to $14.3 million in Fiscal 2007. There was a decrease in the pension liability adjustment of $4.1 million (net of tax) in accumulated other comprehensive loss in shareholders' equity. Depending upon future interest rates and returns on plan assets, and other known and unknown factors, there can be no assurance that additional adjustments in future periods will not be required.

Share Repurchase Program

In March 2008, the board authorized up to $100.0 million in stock repurchases primarily funded with the after-tax cash proceeds of the settlement of the merger-related litigation discussed above under the heading "Terminated Merger Agreement."

Discontinued Operations

For the year ended February 2, 2008, the Company recorded an additional charge to earnings of $2.6 million ($1.6 million net of tax) reflected in discontinued operations, including $2.9 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.3 million gain for excess provisions to prior discontinued operations. For additional information, see Note 14 to the Consolidated Financial Statements.

For the year ended February 3, 2007, the Company recorded an additional charge to earnings of $1.0 million ($0.6 million net of tax) reflected in discontinued operations, including $1.1 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.1 million gain for excess provisions to prior discontinued operations. For additional information, see Note 14 to the Consolidated Financial Statements.

For the year ended January 28, 2006, the Company recorded a credit to earnings of $0.1 million ($0.1 million net of tax) reflected in discontinued operations, including a $0.9 million gain for excess provisions to prior discontinued operations offset by $0.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company. For additional information, see Note 14 to the Consolidated Financial Statements.

Critical Accounting Policies

Inventory Valuation

As discussed in Note 1 to the Consolidated Financial Statements, the Company values its inventories at the lower of cost or market.

In its wholesale operations, cost is determined using the first-in, first-out (FIFO) method. Market is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders. The Company provides reserves when the inventory has not been marked down to market based on current selling prices or when the inventory is not turning and is not expected to turn at levels satisfactory to the Company.

In its retail operations, other than the Hat World segment, the Company employs the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Inherent in the retail inventory method are subjective judgments and estimates including merchandise mark-on, markups, markdowns, and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, the Company employs the retail inventory method in multiple subclasses of inventory with similar gross margins, and analyzes markdown requirements at the stock number level based on factors such as inventory turn, average selling price, and inventory age. In addition, the Company accrues markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown provisions, the Company maintains provisions for shrinkage and damaged goods based on historical rates. A change of 10 percent from the recorded amounts for all such provisions would have changed inventory by $1.3 million at February 2, 2008.

The Hat World segment employs the moving average cost method for valuing inventories and applies freight using an allocation method. The Company provides a valuation allowance for slow-moving inventory based on negative margins and estimated shrink based on historical experience and specific analysis, where appropriate.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends, and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value.

Impairment of Long-Lived Assets

As discussed in Note 1 to the Consolidated Financial Statements, the Company periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets.

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 14 to the Company’s Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including approximately $2.9 million reflected in Fiscal 2008, $1.1 million reflected in Fiscal 2007 and $0.8 million reflected in Fiscal 2006. The Company monitors these matters on an ongoing basis and, on a quarterly basis, management reviews the Company’s reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a best estimate of probable loss connected to the proceeding, or in cases in which no best estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves will be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company’s financial condition or results of operations.

Revenue Recognition

Retail sales are recorded at the point of sale and are net of estimated returns and exclude sales taxes. Catalog and internet sales are recorded at time of delivery to the customer and are net of estimated returns. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Shipping and handling costs charged to customers are included in net sales. Estimated returns are based on historical returns and claims. Actual amounts of markdowns have not differed materially from estimates. Actual returns and claims in any future period may differ from historical experience.

Income Taxes

As part of the process of preparing Consolidated Financial Statements, the Company is required to estimate its income taxes in each of the tax jurisdictions in which it operates. This process involves estimating actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within the Consolidated Balance Sheets. The Company then assesses the likelihood that its deferred tax assets will be recovered from future taxable income. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. To the extent the Company believes that recovery of an asset is at risk, valuation allowances are established. To the extent valuation allowances are established or increase the allowances in a period, the Company includes an expense within the tax provision in the Consolidated Statements of Operations.

Income tax reserves are determined using the methodology established by FASB Interpretation 48, Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement 109 (“FIN 48”). FIN 48, which was adopted by the Company as of February 4, 2007, requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company’s determinations and estimates prove to be inaccurate, the resulting adjustments could be material to its future financial results. See Note 9 to the Consolidated Financial Statements for additional information regarding income taxes.

Postretirement Benefits Plan Accounting

Substantially all full-time employees, who also had 1,000 hours of service in Calendar 2004, except employees in the Hat World segment, are covered by a defined benefit pension plan. The Company froze the defined benefit pension plan effective January 1, 2005. The Company also provides certain former employees with limited medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

In September 2006, the FASB issued SFAS No. 158, which requires companies to recognize the overfunded or underfunded status of postretirement benefit plans as an asset or liability in its Consolidated Balance Sheets and to recognize changes in that funded status in accumulated other comprehensive loss, net of tax, in the year in which the changes occur. This statement did not change the accounting for plans required by SFAS No. 87, “Employers’ Accounting for Pensions” (“SFAS No. 87”) and it did not eliminate any of the expanded disclosures required by SFAS No. 132(R). On February 3, 2007, the Company adopted the recognition and disclosure provisions of SFAS No. 158. As a result of the adoption of SFAS No. 158, the Company recognized a $0.8 million (net of tax) cumulative adjustment in accumulated other comprehensive loss in shareholders' equity for Fiscal 2007 related to the Company's post-retirement medical and life insurance benefits. SFAS No. 158 also requires companies to measure the funded status of a plan as of the date of its fiscal year end. This requirement of SFAS No. 158 is not effective for the Company until Fiscal 2009. The Company does not believe the adoption of the measurement date will have a material impact of the Company's results of operations or financial position.

The Company accounts for the defined benefit pension plans using SFAS No. 87, as amended. As permitted under SFAS No. 87, pension expense is recognized on an accrual basis over employees' approximate service periods. The calculation of pension expense and the corresponding liability requires the use of a number of critical assumptions, including the expected long-term rate of return on plan assets and the assumed discount rate, as well as the recognition of actuarial gains and losses. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from these assumptions.

Long Term Rate of Return Assumption – Pension expense increases as the expected rate of return on pension plan assets decreases. The Company estimates that the pension plan assets will generate a long-term rate of return of 8.25%. To develop this assumption, the Company considered historical asset returns, the current asset allocation and future expectations of asset returns. The expected long-term rate of return on plan assets is based on a long-term investment policy of 50% U.S. equities, 13% international equities, 35% U.S. fixed income securities and 2% cash equivalents. For Fiscal 2008, if the expected rate of return had been decreased by 1%, net pension expense would have increased by $1.0 million, and if the expected rate of return had been increased by 1%, net pension expense would have decreased by $1.0 million.

Discount Rate – Pension liability and future pension expense increase as the discount rate is reduced. The Company discounted future pension obligations using a rate of 5.875%, 5.75%, and 5.50% for Fiscal 2008, 2007 and 2006, respectively. The discount rate is determined based on the current yields on a portfolio of high quality long-term bonds. For Fiscal 2008, if the discount rate had been increased by 0.5%, net pension expense would have decreased by $0.6 million, and if the discount rate had been decreased by 0.5%, net pension expense would have increased by $0.6 million. In addition, if the discount rate had been increased by 0.5%, the projected benefit obligation would have decreased by $5.4 million and the accumulated benefit obligation would have decreased by $5.4 million. If the discount rate had been decreased by 0.5%, the projected benefit obligation would have been increased by $5.9 million and the accumulated benefit obligation would have increased by $5.9 million.

Amortization of Gains and Losses – The significant declines experienced in the financial markets have unfavorably impacted pension asset performance. The Company utilizes a calculated value of assets, which is an averaging method that recognizes changes in the fair values of assets over a period of five years. At the end of Fiscal 2008, the Company had unrecognized actuarial losses of $28.0 million. Accounting principles generally accepted in the United States require that the Company recognize a portion of these losses when they exceed a calculated threshold. These losses might be recognized as a component of pension expense in future years and would be amortized over the average future service of employees, which is currently five and a half years. Future changes in plan asset returns, assumed discount rates and various other factors related to the pension plan will impact future pension expense and liabilities, including increasing or decreasing unrecognized actuarial gains and losses.

The Company recognized expense for its defined benefit pension plans of $3.1 million, $3.4 million and $3.7 million in Fiscal 2008, 2007 and 2006, respectively. The Company's board of directors approved freezing the Company's defined pension benefit plan effective January 1, 2005. The Company's pension expense is expected to decrease in Fiscal 2009 by approximately $1.6 million due to the net effect of an increase in the discount rate from 5.75% to 5.875% and a smaller actuarial loss to be amortized.

Share-Based Compensation

The Company has share-based compensation plans covering certain members of management and non-employee directors. Prior to January 29, 2006, the Company accounted for these plans under the recognition and measurement provisions of APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by SFAS No. 123. Accordingly, no compensation expense was recognized for fixed option plans in Fiscal 2006 because the exercise prices of employee stock options equaled or exceeded the market prices of the underlying stock on the date of grant.

Pursuant to SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"), adopted on the first day of Fiscal 2007, the Company recognizes compensation expense for share-based payments based on the fair value of the awards. For Fiscal 2008 and 2007, share-based compensation was $3.2 million and $4.1 million, respectively. For Fiscal 2008 and 2007, restricted stock expense was $4.6 million and $3.4 million, respectively. The benefits of tax deductions in excess of recognized compensation expense are reported as a financing cash flow.

The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense, including expected stock price volatility. The Company bases expected volatility on historical term structures. The Company bases the risk free rate on an interest rate for a bond with a maturity commensurate with the expected term estimate. The Company estimates the expected term of stock options using historical exercise and employee termination experience. The Company does not currently pay a dividend on common stock. The fair value of employee restricted stock is determined based on the closing price of the Company's stock on the date of the grant.

In addition to the key assumptions used in the Black-Scholes model, the estimated forfeiture rate at the time of valuation (which is based on historical experience for similar options) is a critical assumption, as it reduces expense ratably over the vesting period. Shared-based compensation expense is recorded based on a 2% expected forfeiture rate and is adjusted annually for actual forfeitures. The Company reviews the expected forfeiture rate annually to determine if that percent is still reasonable based on historical experience. The Company believes its estimates are reasonable in the context of actual (historical) experience. See Note 12 to the Consolidated Financial Statements for additional information regarding the Company's share-based compensation plans.

Comparable Sales

Comparable store sales begin in the fifty-third week of a store's operation. Temporarily closed stores are excluded from the comparable store sales calculation for every full week of the store closing. Expanded stores are excluded from the comparable store sales calculation until the fifty-third week of operation in the expanded format. E-commerce and catalog sales are excluded from comparable store sales calculations.

Adjustment to Previously Reported Merger-Related Expenses

After issuing its press release on March 13, 2008, reporting fourth quarter and Fiscal 2008 operating results, the Company received late invoices totaling $865,000 for services rendered prior to February 2, 2008 in connection with litigation over the Company's now-terminated merger agreement with The Finish Line, Inc. The Company determined that in accordance with U.S. generally accepted accounting principles, such services should be expensed in the fourth quarter of Fiscal 2008. Accordingly, as reflected in the Consolidated Financial Statements and as discussed in this Report, earnings from continuing operations, net earnings and other financial measures, as applicable, for the fourth quarter and Fiscal 2008 have been adjusted from the amounts reported in the March 13, 2008, earnings release by the amount of the additional expense.

Results of Operations — Fiscal 2008 Compared to Fiscal 2007

The Company's net sales for Fiscal 2008 (52 weeks) increased 2.9% to $1.50 billion from $1.46 billion in Fiscal 2007 (53 weeks). Net sales for the 53rd week of Fiscal 2007 are estimated at $24.7 million, based on actual retail sales and estimated wholesales sales. Wholesale sales are recognized upon shipment. The Company believes that a portion of the shipments that occurred in the final week would have occurred during the quarter even if it had not included the final week. Its estimate of the amount of such sales is excluded from the estimate of sales for the 53rd week. Excluding the 53rd week in Fiscal 2007, the net sales increase from the adjusted 52-week period last year was approximately 5%. The increase in net sales was a result of a higher number of stores in operation offset by a decrease in comparable store sales in the Journeys Group, Underground Station Group and Hat World Group, reflecting generally challenging economic conditions and a difficult retail environment, especially in footwear. Gross margin increased 2.8% to $751.2 million in Fiscal 2008 from $730.8 million in Fiscal 2007 but was flat as a percentage of net sales at 50.0%. Selling and administrative expenses in Fiscal 2008 increased 14.4% from Fiscal 2007 and increased as a percentage of net sales from 41.7% to 46.4% including $27.6 million of expenses relating to the now-terminated merger agreement with The Finish Line, which accounted for 184 basis points of the increase. The Company records buying and merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company's gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings before income taxes from continuing operations ("pretax earnings") for Fiscal 2008 were $32.7 million compared to $111.1 million for Fiscal 2007. Pretax earnings for Fiscal 2008 included restructuring and other charges of $10.6 million, including $8.7 million of charges for asset impairments and $1.5 million for lease terminations, offset by $0.5 million in excise tax refunds and an antitrust settlement. Also included in the charge was $0.9 million in excess markdowns related to the Underground Station Group store lease terminations which is reflected in cost of sales on the Consolidated Statements of Earnings. Pretax earnings for Fiscal 2008 also included $27.6 million in expenses relating to the merger agreement with The Finish Line and a $0.5 million gain from insurance proceeds relating to Hurricane Katrina. Pretax earnings for Fiscal 2007 included restructuring and other charges of $1.1 million, including $2.2 million of charges for asset impairments and the termination of a small license agreement offset by $1.1 million of income for gift card breakage and a favorable litigation settlement.

Net earnings for Fiscal 2008 were $6.9 million ($0.29 diluted earnings per share) compared to $67.6 million ($2.59 diluted earnings per share) for Fiscal 2007. Net earnings for Fiscal 2008 included $1.6 million ($0.07 diluted earnings per share) charge to earnings (net of tax), including $1.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.2 million gain for excess provisions to prior discontinued operations. Net earnings for Fiscal 2007 included $0.6 million ($0.02 diluted earnings per share) charge to earnings (net of tax), including $0.7 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.1 million gain for excess provisions to prior discontinued operations. The Company recorded an effective federal income tax rate of 74.1% for Fiscal 2008 compared to 38.6% for

Fiscal 2007. The variance in the effective tax rate for Fiscal 2008 compared to Fiscal 2007 is primarily attributable to non-deductible expenses incurred in connection with merger-related expenses and to FIN 48 adjustments. The merger agreement was terminated on March 3, 2008 and the Company believes that most of the $27.6 million in merger related costs and litigation expenses will be tax deductible in Fiscal 2009. See Notes 9 and 14 to the Consolidated Financial Statements for additional information.

Journeys Group

	Fiscal Year Ended		%
	2008	2007	Change
	(dollars in thousands)		
Net sales	**$713,366**	$696,889	2.4%
Earnings from operations	**$ 51,097**	$ 83,835	(39.1)%
Operating margin	**7.2%**	12.0%	

Net sales from Journeys Group increased 2.4% to $713.4 million for Fiscal 2008 from $696.9 million for Fiscal 2007. The increase reflects a 13% increase in average Journeys stores operated (i.e., the sum of the number of stores open on the first day of the fiscal year and the last day of each fiscal month during the year divided by thirteen) offset by a 4% decrease in comparable store sales. The comparable store sales decrease reflects a 2% decrease in footwear unit comparable sales and a 3% decrease in average price per pair of shoes. The average price decrease primarily reflects changes in product mix and increased markdowns. Total unit sales increased 5% during the same period. The store count for Journeys Group was 967 stores at the end of Fiscal 2008, including 115 Journeys Kidz stores and 47 Shi by Journeys stores, compared to 853 Journeys Group stores at the end of Fiscal 2007, including 73 Journeys Kidz stores and 12 Shi by Journeys stores.

Journeys Group earnings from operations for Fiscal 2008 decreased 39.1% to $51.1 million, compared to $83.8 million for Fiscal 2007. The decrease was primarily attributable to increased expenses as a percentage of net sales, reflecting negative comparable store sales and increases in (i) rent expense related to relocation from smaller sized, volume-constrained locations to bigger stores in order to offer a broader selection of products, new stores and lease renewals, and (ii) employee expenses due to higher minimum wage costs combined with decreased gross margin as a percentage of net sales reflecting increased markdowns.

Underground Station Group

	Fiscal Year Ended		%
	2008	2007	Change
	(dollars in thousands)		
Net sales	**$124,002**	$155,069	(20.0)%
(Loss) earnings from operations	**$ (7,710)**	$ 3,844	NM
Operating margin	**(6.2)%**	2.5%	

Net sales from the Underground Station Group decreased 20.0% to $124.0 million for Fiscal 2008 from $155.1 million for Fiscal 2007. Sales for Underground Station stores decreased 16% for Fiscal 2008. Sales for Jarman retail stores decreased 41% for Fiscal 2008, reflecting a 39% decrease in the average number of Jarman stores operated related to the Company’s strategy of closing Jarman stores or converting them to Underground Station stores. Comparable store sales decreased 16% for the Underground Station Group, 17% for Underground Station stores and 10% for Jarman stores. The decrease in comparable store sales was primarily due to the weak urban market, ongoing softness in athletic shoes and the absence this year of the chain's formerly most popular athletic brand from its product offering. The average price per pair of shoes for Underground Station Group decreased 10% for Fiscal 2008 and unit sales decreased 10% during the same period. The average price per pair of shoes at Underground Station stores decreased 11% during the year, primarily reflecting changes in product mix and increased markdowns. Unit sales decreased 4% during Fiscal 2008. Underground Station Group operated 192 stores at the end of Fiscal 2008, including 176 Underground Station stores. During Fiscal 2008, two Jarman stores were converted to Underground Station stores. The Company had operated 223 Underground Station Group stores at the end of Fiscal 2007, including 193 Underground Station stores.

Underground Station Group loss from operations for Fiscal 2008 was $(7.7) million compared to earnings from operations of $3.8 million for the same period last year. The decrease was due to decreased net sales, increased expenses as a percentage of net sales reflecting negative leverage in expenses, particularly in store-related expenses from negative comparable store sales, and decreased gross margin as a percentage of net sales reflecting increased markdowns.

Hat World Group

	Fiscal Year Ended		%
	2008	2007	Change
	(dollars in thousands)		
Net sales	**$378,913**	$ 342,641	10.6%
Earnings from operations	**$ 31,987**	$ 41,359	(22.7)%
Operating margin	**8.4**%	12.1%	

Net sales from the Hat World Group increased 10.6% to $378.9 million for Fiscal 2008 from $342.6 million for Fiscal 2007. The increase reflects primarily a 20% increase in average stores operated offset by a 2% decrease in comparable store sales. The comparable store sales were impacted by a challenging urban market among other factors, partially offset by strength in Core Major League Baseball products and branded action headwear. Hat World Group operated 862 stores at the end of Fiscal 2008, including 34 stores in Canada and 14 Lids Kids stores, compared to 785 stores at the end of Fiscal 2007, including 26 stores in Canada and three Lids Kids stores.

Hat World Group earnings from operations for Fiscal 2008 decreased 22.7% to $32.0 million compared to $41.4 million for Fiscal 2007. The decrease in operating income was primarily due to increased expenses as a percentage of net sales, resulting from store growth and negative leverage in store-related expenses from negative comparable store sales, increased rent from lease renewals as well as decreased gross margin as a percentage of net sales reflecting increased promotional activity.

Johnston & Murphy Group

	Fiscal Year Ended 2008	2007	% Change
	(dollars in thousands)		
Net sales	**$192,487**	$186,979	2.9%
Earnings from operations	**$ 19,807**	$ 15,337	29.1%
Operating margin	**10.3%**	8.2%	

Johnston & Murphy Group net sales increased 2.9% to $192.5 million for Fiscal 2008 from $187.0 million for Fiscal 2007, reflecting a 2% increase in comparable store sales combined with a 4% increase in average stores operated for Johnston & Murphy retail operations and a 4% increase in Johnston & Murphy wholesale sales. Unit sales for the Johnston & Murphy wholesale business increased 2% in Fiscal 2008, and the average price per pair of shoes increased 2% for the same period. Retail operations accounted for 74.2% of Johnston & Murphy Group sales in Fiscal 2008, down slightly from 74.3% in Fiscal 2007 primarily due to increased wholesale sales. The average price per pair of shoes for Johnston & Murphy retail increased 4% (6% in the Johnston & Murphy shops) in Fiscal 2008, primarily due to changes in product mix and increased prices in certain styles, while unit sales decreased 6% during the same period. The store count for Johnston & Murphy retail operations at the end of Fiscal 2008 included 154 Johnston & Murphy stores and factory stores compared to 148 Johnston & Murphy stores and factory stores at the end of Fiscal 2007.

Johnston & Murphy earnings from operations for Fiscal 2008 increased 29.1% to $19.8 million from $15.3 million for Fiscal 2007, primarily due to increased gross margin as a percentage of net sales, reflecting fewer markdowns, increased prices and better sourcing in both the retail and wholesale businesses and lower off-priced sales in the wholesale business as well as increased net sales. The Company believes the gross margins in Fiscal 2008 reflect most of the gains from better sourcing as weakness in the dollar is putting price pressures on the cost of products.

Licensed Brands

	Fiscal Year Ended 2008	2007	% Change
	(dollars in thousands)		
Net sales	**$92,706**	$78,422	18.2%
Earnings from operations	**$10,976**	$ 6,777	62.0%
Operating margin	**11.8%**	8.6%	

Licensed Brands' net sales increased 18.2% to $92.7 million for Fiscal 2008 from $78.4 million for Fiscal 2007. The sales increase reflects a 14% increase in sales of Dockers Footwear and incremental sales from the initial rollout of a new line of footwear that the Company is sourcing exclusively for Kohl's department stores. Unit sales for Dockers Footwear increased 10% for Fiscal 2008 and the average price per pair of shoes increased 3% for the same period.

Licensed Brands' earnings from operations for Fiscal 2008 increased 62.0%, from $6.8 million for Fiscal 2007 to $11.0 million, primarily due to increased gross margin as a percentage of net sales, increased net sales and decreased expenses as a percentage of net sales. The Company believes the sales gains will moderate in Fiscal 2009 due to both the economic environment and limited opportunity to continue to grow the business with existing accounts.

Corporate, Interest Expenses and Other Charges

Corporate and other expenses for Fiscal 2008 were $61.0 million compared to $30.1 million for Fiscal 2007. Corporate expenses in Fiscal 2008 included $27.6 million in merger-related expenses and a $0.5 million gain from insurance proceeds relating to Hurricane Katrina. Corporate and other expenses for Fiscal 2008 also included $9.7 million of restructuring and other charges, primarily for asset impairments and lease terminations offset by excise tax refunds and an antitrust settlement. Corporate and other cost of sales for Fiscal 2008 included $0.9 million in excess markdowns related to Underground Station Group lease terminations. Corporate and other expenses for Fiscal 2007 included $1.1 million of restructuring and other charges, primarily for asset impairments and the termination of a small licensing agreement offset by income for gift card breakage and a favorable litigation settlement.

Interest expense increased 19.9% from $10.5 million in Fiscal 2007 to $12.6 million in Fiscal 2008, primarily due to the increase in the average revolver borrowings from $16.8 million in Fiscal 2007 to $65.9 million this year due to decreased net earnings and increased seasonal borrowings.

Interest income decreased 74.3% from $0.6 million in Fiscal 2007 to $0.1 million in Fiscal 2008, due to the decrease in average short-term investments.

Results of Operations — Fiscal 2007 Compared to Fiscal 2006

The Company's net sales for Fiscal 2007 (53 weeks) increased 13.8% to $1.5 billion from $1.3 billion in Fiscal 2006 (52 weeks). Net sales for the 53rd week of Fiscal 2007 were $24.7 million based on actual retail sales and estimated wholesales sales. Wholesale sales are recognized upon shipment. The Company believes that a portion of the shipments that occurred in the final week would have occurred during the quarter even if it had not included the final week. Its estimate of the amount of such sales is excluded from the estimate of sales for the 53rd week. Excluding the 53rd week in Fiscal 2007, the net sales increase from the comparable 52-week period in Fiscal 2006 was approximately 12%. Gross margin increased 12.0% to $730.8 million in Fiscal 2007 from $652.4 million in Fiscal 2006 but decreased as a percentage of net sales from 50.8% to 50.0%. Selling and administrative expenses in Fiscal 2007 increased 13.3% from Fiscal 2006 but decreased as a percentage of net sales from 41.9% to 41.7%. The Company records buying and merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company's gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Pretax earnings for Fiscal 2007 were $111.1 million compared to $102.5 million for Fiscal 2006. Pretax earnings for Fiscal 2007 included restructuring and other charges of $1.1 million, including $2.2 million of charges for asset impairments and the termination of a small license agreement offset by $1.1 million of income for gift card breakage and a favorable litigation settlement. Pretax earnings for Fiscal 2006 included restructuring and other charges of $2.3 million, including $1.7 million for settlement of a previously announced class action lawsuit (see Note 14 to the Consolidated Financial Statements), retail store asset impairments and lease terminations of 13 Jarman stores. These lease terminations are the continuation of a plan announced by the Company in Fiscal 2004 to close or convert into other retail concepts all remaining Jarman stores.

Net earnings for Fiscal 2007 were $67.6 million ($2.59 diluted earnings per share) compared to $62.7 million ($2.38 diluted earnings per share) for Fiscal 2006. Net earnings for Fiscal 2007 included $0.6 million ($0.02 diluted earnings per share) charge to earnings (net of tax), including $0.7 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.1 million gain for excess provisions to prior discontinued operations. Net earnings for Fiscal 2006 included $0.1 million ($0.00 diluted earnings per share) credit to earnings (net of tax), including a $0.9 million gain for excess provisions to prior discontinued operations offset by $0.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company. The Company recorded an effective federal income tax rate of 38.6% for Fiscal 2007 compared to 38.9% for Fiscal 2006.

Journeys Group

	Fiscal Year Ended		%
	2007	2006	Change
	(dollars in thousands)		
Net sales	$696,889	$593,516	17.4%
Earnings from operations	$ 83,835	$ 73,346	14.3%
Operating margin	12.0%	12.4%	

Net sales from Journeys Group increased 17.4% to $696.9 million for Fiscal 2007 from $593.5 million for Fiscal 2006. The increase reflects a 13% increase in average Journeys stores operated and a 6% increase in comparable store sales. The comparable store sales increase reflects an 11% increase in footwear unit comparable sales, offset by a 4% decrease in average price per pair of shoes. The average price decrease primarily reflects changes in product mix. Total unit sales increased 25% during the same period. The store count for Journeys was 853 stores at the end of Fiscal 2007, including 73 Journeys Kidz stores and 12 Shi by Journeys stores, compared to 761 Journeys stores at the end of Fiscal 2006, including 50 Journeys Kidz stores and one Shi by Journeys store.

Journeys Group earnings from operations for Fiscal 2007 increased 14.3% to $83.8 million, compared to $73.3 million for Fiscal 2006, primarily attributable to the increase in sales and decreased expenses as a percentage of net sales, reflecting lower bonus accruals.

Underground Station Group

	Fiscal Year Ended		%
	2007	2006	Change
	(dollars in thousands)		
Net sales	$155,069	$164,054	(5.5)%
Earnings from operations	$ 3,844	$ 10,890	(64.7)%
Operating margin	2.5%	6.6%	

Net sales from the Underground Station Group (comprised of Underground Station and Jarman retail stores) decreased 5.5% to $155.1 million for Fiscal 2007 from $164.1 million for Fiscal 2006. Sales for Underground Station stores increased 1% for Fiscal 2007. Sales for Jarman retail stores decreased 29% for Fiscal 2007, reflecting a 29% decrease in the average number of Jarman stores operated related to the Company's strategy of closing Jarman stores or converting them to Underground Station stores. Comparable store sales decreased 10% for the Underground Station Group, 9% for Underground Station stores and 12% for Jarman stores. The decrease in comparable store sales was primarily due to generally weak demand for athletic shoes, exacerbated in the second half of the year by the loss of the chain's most popular athletic brand from its product offering and what management believes was an overall softness in the urban market. The average price per pair of shoes for Underground Station Group decreased 4% for Fiscal 2007 and unit sales decreased 2% during the same period. The average price per pair of shoes at Underground Station stores decreased 5% during Fiscal 2007, primarily reflecting changes in product mix and increased markdowns. Unit sales increased 6% during Fiscal 2007. Underground Station Group operated 223 stores at the end of Fiscal 2007, including 193 Underground Station stores. During Fiscal 2007, three Jarman stores were converted to Underground Station stores. The Company had operated 229 stores at the end of Fiscal 2006, including 180 Underground Station stores.

Underground Station Group earnings from operations for Fiscal 2007 decreased 64.7% to $3.8 million from $10.9 million for the same period of Fiscal 2006. The decrease was due to decreased net sales, to decreased gross margin as a percentage of net sales, reflecting increased markdowns, and to increased expenses as a percentage of net sales from negative leverage in the store related expenses due to the negative comparable store sales.

Hat World Group

	Fiscal Year Ended		%
	2007	2006	Change
	(dollars in thousands)		
Net sales	$342,641	$297,271	15.3%
Earnings from operations	$ 41,359	$ 40,133	3.1%
Operating margin	12.1%	13.5%	

Net sales from Hat World Group increased 15.3% to $342.6 million for Fiscal 2007 from $297.3 million for Fiscal 2006. The increase reflects primarily a 16% increase in average stores operated. Hat World Group comparable store sales decreased 1% for Fiscal 2007. The Company believes the comparable store sales were impacted by decreased demand in the urban market, which the Company believes is the primary market served by approximately 110 stores in the Hat World Group. This was partially offset by strength in core and fashion-oriented Major League Baseball products, as well as branded action and performance headwear. Hat World Group operated 785 stores at Fiscal 2007, including 26 stores in Canada, three Lids Kids and 49 Hat Shack stores acquired in January 2007, compared to 641 stores at the end of Fiscal 2006, including 18 stores in Canada.

Hat World Group earnings from operations for Fiscal 2007 increased 3.1% to $41.4 million compared to $40.1 million for Fiscal 2006. The increase in operating income was primarily due to increased net sales and to decreased expenses as a percentage of net sales, offset by decreased gross margin as a percentage of net sales reflecting increased promotional activity.

Johnston & Murphy Group

	Fiscal Year Ended 2007	2006	% Change
	(dollars in thousands)		
Net sales	$186,979	$ 170,015	10.0%
Earnings from operations	$ 15,337	$10,396	47.5%
Operating margin	8.2%	6.1%	

Johnston & Murphy Group net sales increased 10.0% to $187.0 million for Fiscal 2007 from $170.0 million for Fiscal 2006, reflecting a 3% increase in comparable store sales, a 3% increase in average retail stores operated and a 14% increase in Johnston & Murphy wholesale sales. Unit sales for the Johnston & Murphy wholesale business increased 13% in Fiscal 2007, and the average price per pair of shoes increased 1% for Fiscal 2006. Retail operations accounted for 74.3% of Johnston & Murphy Group sales in Fiscal 2007, down slightly from 75.2% in Fiscal 2006 primarily due to increased wholesale sales. The average price per pair of shoes for Johnston & Murphy retail decreased 2% (2% in the Johnston & Murphy shops) in Fiscal 2007, primarily due to changes in product mix, while footwear unit sales increased 8% during Fiscal 2006. The store count for Johnston & Murphy retail operations at the end of Fiscal 2007 included 148 Johnston & Murphy stores and factory stores compared to 142 Johnston & Murphy stores and factory stores at the end of Fiscal 2006.

Johnston & Murphy earnings from operations for Fiscal 2007 increased 47.5% to $15.3 million from $10.4 million for Fiscal 2006, primarily due to increased net sales, to increased gross margin as a percentage of net sales, reflecting improvement in the retail business due to improved sourcing and lower markdowns, and to decreased expenses as percentage of net sales reflecting operating leverage from the comparable store and wholesale sales increases and decreased advertising expenses.

Licensed Brands

	Fiscal Year Ended 2007	2006	% Change
	(dollars in thousands)		
Net sales	$ 78,422	$ 58,730	33.5%
Earnings from operations	$ 6,777	$ 4,167	62.6%
Operating margin	8.6%	7.1%	

Licensed Brands' net sales increased 33.5% to $78.4 million for Fiscal 2007 from $58.7 million for Fiscal 2006. The sales increase is primarily attributable to an increase in demand for Dockers Footwear, related to retail sell-through, due in part, to increased shelf space in existing accounts. Unit sales for Dockers Footwear increased 31% for Fiscal 2007 and the average price per pair of shoes increased 1% for the same period.

Licensed Brands' earnings from operations for Fiscal 2007 increased 62.6%, from $4.2 million for Fiscal 2006 to $6.8 million, primarily due to increased net sales and to decreased expenses as a percentage of net sales.

Corporate, Interest Expenses and Other Charges

Corporate and other expenses for Fiscal 2007 were $30.1 million compared to $26.1 million for Fiscal 2006. Corporate and other expenses for Fiscal 2007 included $1.1 million of restructuring and other charges, primarily for asset impairments and the termination of a small licensing agreement offset by income for gift card breakage and a favorable litigation settlement. Corporate and other expenses for Fiscal 2006 included $2.3 million of restructuring and other charges, primarily for settlement of a previously announced class action lawsuit, retail store asset impairments and lease terminations of 13 Jarman stores. In addition to the listed items in both periods, the increase in corporate expenses for Fiscal 2007 is attributable primarily to a $6.4 million increase of share-based compensation and restricted stock expense.

Interest expense decreased 8.7% from $11.5 million in Fiscal 2006 to $10.5 million in Fiscal 2007, primarily due to the decrease in the average term loan outstanding. Borrowings under the Company's revolving credit facility averaged $16.8 million for Fiscal 2007. Borrowings under the Company's revolving credit facility averaged less than $0.1 million for Fiscal 2006.

Interest income decreased 50.1% from $1.1 million in Fiscal 2006 to $0.6 million in Fiscal 2007, due to the decrease in average short-term investments.

Liquidity and Capital Resources

The following table sets forth certain financial data at the dates indicated.

	Feb. 2, 2008	Feb. 3, 2007	Jan. 28, 2006
		(dollars in millions)	
Cash and cash equivalents	**$ 17.7**	$ 16.7	$ 60.5
Working capital	**$ 238.1**	$ 200.3	$ 185.0
Long-term debt	**$ 155.2**	$ 109.3	$ 106.3

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. Historically, cash flow from operations has been generated principally in the fourth quarter of each fiscal year.

Cash provided by operating activities was $23.9 million in Fiscal 2008 compared to $70.6 million in Fiscal 2007. The $46.7 million decrease in cash flow from operating activities from last year reflects primarily a decrease in cash flow from a decrease in net earnings of $60.8 million and changes in inventory of $11.2 million, offset by an increase in cash flow from changes in other accrued liabilities and accounts payable of $11.0 million and $8.6 million, respectively, and an increase in impairment of long-lived assets of $6.8 million. The $11.2 million decrease in cash flow from inventory was due to increases in retail inventory from a weaker than planned holiday selling season and growth in our retail businesses with a net increase of 166 stores for Fiscal 2008. The $11.0 million increase in cash flow from other accrued liabilities was primarily due to a reduction in the change of accrued income and other taxes when compared to Fiscal 2007, combined with an increase in accrued professional fees and expenses relating to the merger agreement, and subsequent litigation, with The Finish Line. The $8.6 million increase in cash flow from accounts payable was due to changes in buying patterns and payment terms negotiated with individual vendors.

The $39.5 million increase in inventories at February 2, 2008 from February 3, 2007 levels reflects a weaker than planned holiday selling season in retail and inventory purchased to support the net increase of 166 stores in Fiscal 2008.

Accounts receivable at February 2, 2008 increased $0.3 million compared to February 3, 2007.

Cash provided by operating activities was $70.6 million in Fiscal 2007 compared to $105.0 million in Fiscal 2006. The $34.4 million decrease in cash flow from operating activities reflects primarily a decrease in cash flow from changes in other accrued liabilities of $29.3 million and a decrease in cash flow from changes in accounts payable of $17.8 million offset by an increase in cash flow from an increase in net earnings of $5.0 million. The $29.3 million decrease in cash flow from other accrued liabilities was due to an $18.5 million increase in income taxes paid and increased bonus payments combined with lower bonus accruals. The $17.8 million decrease in cash flow from accounts payable was due to changes in buying patterns and payment terms negotiated with individual vendors.

The $28.4 million increase in inventories at February 3, 2007 from January 28, 2006 levels reflects inventory purchased to support the net increase of 236 stores in Fiscal 2007 which included 49 Hat Shack stores acquired in January 2007.

Accounts receivable at February 3, 2007 increased $3.1 million compared to January 28, 2006 due primarily to increased wholesale sales.

Cash provided (or used) due to changes in accounts payable and accrued liabilities are as follows:

	Fiscal Year Ended		
	2008	2007	2006
		(in thousands)	
Accounts payable	**$ (430)**	$ (9,068)	$ 8,744
Accrued liabilities	**(923)**	(11,962)	17,357
	$ (1,353)	$ (21,030)	$ 26,101

The fluctuations in cash provided due to changes in accounts payable for Fiscal 2008 from Fiscal 2007 and for Fiscal 2007 from Fiscal 2006 are due to changes in buying patterns and payment terms negotiated with individual vendors. The change in cash provided due to changes in accrued liabilities for Fiscal 2008 from Fiscal 2007 was due primarily to a reduction in the change in accrued income and other tax accruals and increased accrued professional fees and expenses relating to the merger agreement, and subsequent litigation, with The Finish Line and the change in accrued liabilities for Fiscal 2007 from Fiscal 2006 was due primarily to increased tax payments and increased bonus payments combined with lower bonus accruals.

Revolving credit borrowings averaged $65.9 million during Fiscal 2008 and $16.8 million during Fiscal 2007, as cash generated from operations did not fund seasonal working capital requirements or its capital expenditures for Fiscal 2008. The Company used cash to acquire Hat Shack late in the fourth quarter of Fiscal 2007 for $16.6 million and to pay off $1.6 million of the $2.2 million debt assumed in the acquisition, paid off a $20.0 million term loan as well as the lower net earnings the Company experienced in Fiscal 2008 compared to Fiscal 2007, all of which contributed to the need for increased revolver borrowings for Fiscal 2008. The Company has a revolving credit facility entered into on December 1, 2006, in the aggregate principal amount of $200.0 million, with a $20.0 million swingline loan sublimit and a $70.0 million sublimit for the issuance of standby letters of credit, and has a five-year term (the "Credit Facility").

Contractual Obligations

The following tables set forth aggregate contractual obligations and commitments as of February 2, 2008.

	Payments Due by Period				
(in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations					
Long-Term Debt	$ 155,220	$ -0-	$ -0-	$ 69,000	$ 86,220
Interest on Long-Term Debt(1)	55,143	3,557	7,114	7,114	37,358
Capital Lease Obligations	407	176	192	17	22
Operating Lease Obligations	1,092,348	159,004	299,636	247,724	385,984
Purchase Obligations(2)	204,127	204,127	-0-	-0-	-0-
Other Long-Term Liabilities	1,520	201	401	382	536
Total Contractual Obligations(3)	$ 1,508,765	$ 367,065	$ 307,343	$ 324,237	$ 510,120

	Amount of Commitment Expiration Per Period				
(in thousands)	Total Amounts Committed	Less than 1 year	1-3 years	3-5 years	More than 5 years
Commercial Commitments					
Letters of Credit	$ 9,052	$ 9,052	$ -0-	$ -0-	$ -0-
Total Commercial Commitments	$ 9,052	$ 9,052	$ -0-	$ -0-	$ -0-

(1) Includes interest to maturity on the $86.2 million 4 1/8% subordinated convertible debentures due June 2023. Excludes interest on revolver borrowings since the line of credit is subject to almost daily repayment or borrowing activity and as such does not readily lend itself to computing anticipated interest expense.

(2) Open purchase orders for inventory.

(3) Excludes FIN 48 liabilities of $4.9 million due to their uncertain nature in timing of payments.

Capital Expenditures

Capital expenditures were $80.7 million, $73.3 million and $56.9 million for Fiscal 2008, 2007 and 2006, respectively. The $7.4 million increase in Fiscal 2008 capital expenditures as compared to Fiscal 2007 resulted primarily from the increase in retail store capital expenditures due to 229 new store openings in Fiscal 2008 and increased major store renovations. The $16.4 million increase in Fiscal 2007 capital expenditures as compared to Fiscal 2006 resulted primarily from the increase in retail store capital expenditures due to 224 new store openings in Fiscal 2007.

Total capital expenditures in Fiscal 2009 are expected to be approximately $61.1 million. These include expected retail capital expenditures of $54.3 million to open approximately 28 Journeys stores, 24 Journeys Kidz stores, 13 Shi by Journeys stores, 10 Johnston & Murphy shops and factory stores and 40 Hat World stores including 10 stores in Canada and to complete 165 major store renovations. The planned amount of capital expenditures in Fiscal 2009 for wholesale operations and other purposes are expected to be approximately $6.8 million, including approximately $2.7 million for new systems to improve customer service and support the Company's growth.

Future Capital Needs

The Company expects that cash on hand and cash provided by operations will not be sufficient to support seasonal working capital requirements but the Company plans to borrow under the Credit Facility to partially fund its capital expenditures during Fiscal 2009. The Company expects cash flow generated from operations to fund all of its capital expenditures by the end of Fiscal 2009. The approximately $5.8 million of costs associated with discontinued operations that are expected to be incurred during the next 12 months are also expected to be funded from cash on hand and borrowings under the revolving credit facility during Fiscal 2009 but are expected to be paid out of cash flow generated by operations by the end of Fiscal 2009.

There were $9.1 million of letters of credit outstanding and $69.0 million revolver borrowings outstanding under the Credit Facility at February 2, 2008. At the end of Fiscal 2008, the Borrowing Base was $211.2 million. Adjusted Excess Availability is calculated based on the lesser of the $200.0 million facility amount or the Borrowing Base. Therefore, gross availability under the Credit Facility was $200.0 million leaving net availability under the Credit Facility of $121.9 million. The Company is not required to comply with any financial covenants unless Adjusted Excess Availability (as defined in the Amended and Restated Credit Agreement) is less than 10% of the total commitments under the Credit Facility (currently $20.0 million). If and during such time as Adjusted Excess Availability is less than such amount, the Credit Facility requires the Company to meet a minimum fixed charge coverage ratio (EBITDA less capital expenditures less cash taxes divided by cash interest expense and scheduled payments of principal indebtedness) of 1.0 to 1.0. Because adjusted excess availability exceeded $20.0 million, the Company was not required to comply with this financial covenant at February 2, 2008. See Note 6 to the Consolidated Financial Statements.

The Credit Facility prohibits the payment of dividends and other restricted payments (including stock repurchases) unless after such dividend or restricted payment availability under the Credit Facility exceeds $50.0 million or if availability is between $30.0 million and $50.0 million, the fixed charge coverage must be greater than 1.0 to 1.0. The Company's management does not believe its availability under the Credit Facility will fall below $50.0 million during Fiscal 2009. 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 $198,000.

Common Stock Repurchases

In a series of authorizations from Fiscal 1999-2003, the Company's board of directors authorized the repurchase of up to 7.5 million shares of common stock. In June 2006, the board authorized an additional $20.0 million in stock repurchases. In August 2006, the board authorized an additional $30.0 million in stock repurchases. The Company repurchased 1,062,400 shares at a cost of $32.1 million during Fiscal 2007. The Company did not repurchase any shares during Fiscal 2008. In total, the Company has repurchased 8.2 million shares at a cost of $103.4 million from all authorizations as of February 2, 2008. In March 2008, the board authorized up to $100.0 million in stock repurchases primarily funded with the after-tax cash proceeds of the settlement of the merger-related litigation discussed above under the heading "Terminated Merger Agreement."

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 14 to the Company's Consolidated Financial Statements. The Company has made accruals for certain of these contingencies, including approximately $2.9 million reflected in Fiscal 2008, $1.1 million reflected in Fiscal 2007 and $0.8 million reflected in Fiscal 2006. The Company monitors these matters on an ongoing basis and, on a quarterly basis, management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a reasonable estimate of the probable loss connected to the proceeding, or in cases in which no reasonable estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves may not be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

Financial Market Risk

The following discusses the Company's exposure to financial market risk related to changes in interest rates and foreign currency exchange rates.

Outstanding Debt of the Company — The Company's outstanding long-term debt of $86.2 million 4 1/8% Convertible Subordinated Debentures due June 15, 2023 bears interest at a fixed rate. Accordingly, there would be no immediate impact on the Company's interest expense due to fluctuations in market interest rates. The Company also has $69.0 million outstanding under its revolving credit facility at a weighted average interest rate of 5.4%. A 10% adverse change in interest rates would increase interest expense by $0.4 million on the $69.0 million revolving credit debt.

Cash and Cash Equivalents — The Company's cash and cash equivalent balances are invested in financial instruments with original maturities of three months or less. The Company did not have significant exposure to changing interest rates on invested cash at February 2, 2008. As a result, the Company considers the interest rate market risk implicit in these investments at February 2, 2008 to be low.

Foreign Currency Exchange Rate Risk — Most purchases by the Company from foreign sources are denominated in U.S. dollars. To the extent that import transactions are denominated in other currencies, it is the Company's practice to hedge its risks through the purchase of forward foreign exchange contracts. At February 2, 2008, the Company had $2.5 million of forward foreign exchange contracts for Euro. The Company's policy is not to speculate in derivative instruments for profit on the exchange rate price fluctuation and it does not hold any derivative instruments for trading purposes. Derivative instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract. The unrealized gain on contracts outstanding at February 2, 2008 was $41,000 based on current spot rates. As of February 2, 2008, a 10% adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts by approximately $0.2 million.

Accounts Receivable — The Company's accounts receivable balance at February 2, 2008 is concentrated in its two wholesale businesses, which sell primarily to department stores and independent retailers across the United States. One customer accounted for 14% of the Company's trade accounts receivable balance and another customer accounted for 11% as of February 2, 2008. The Company monitors the credit quality of its customers and establishes an allowance for doubtful accounts based upon factors surrounding credit risk of specific customers, historical trends and other information, as well as customer specific factors; however, credit risk is affected by conditions or occurrences within the economy and the retail industry, as well as company-specific information.

Summary — Based on the Company's overall market interest rate and foreign currency rate exposure at February 2, 2008, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates or foreign currency exchange rates on the Company's consolidated financial position, results of operations or cash flows for Fiscal 2009 would not be material.

New Accounting Principles

In September 2006, the FASB issued SFAS No. 157. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. In December 2007, the FASB issued proposed FASB Staff Position No. FAS 157-b, "Effective Date of FASB Statement No. 157" (the "proposed FSP"). The proposed FSP would amend SFAS No. 157, to delay the effective date for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). The proposed FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 (Fiscal 2010 for the Company), and interim periods within those fiscal years for items within the scope of the proposed FSP. The Company is subject to the remaining provisions of SFAS No. 157 beginning February 3, 2008. The Company does not believe the adoption of SFAS No. 157 will have a material impact on the Company's results of operations or financial position.

In February 2007, the FASB issued SFAS No. 159. SFAS No. 159 allows companies to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 (Fiscal 2009 for the Company). The Company does not believe that the adoption of SFAS No. 159 will have a material impact on the Company's results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statement to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after an entity's fiscal year that begins after December 15, 2008 (Fiscal 2010 for the Company). The Company expects the adoption will have an impact on the Consolidated Financial Statements when effective, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of any acquisitions consummated after the effective date. The Company will assess the impact of this standard on the Consolidated Financial Statements if and when a future acquisition occurs.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — An Amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the Consolidated Financial Statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net earnings on the face of the Statements of Earnings. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (Fiscal 2010 for the Company). Earlier adoption is prohibited. The Company does not believe that the adoption of SFAS No. 160 will have a material impact on the Company's results of operations or financial position.

Inflation

The Company does not believe inflation has had a material impact on sales or operating results during periods covered in this discussion.

ITEM 7A, QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company incorporates by reference the information regarding market risk appearing under the heading "Financial Market Risk" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

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ITEM 8, FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm
On Internal Control over Financial Reporting

The Board of Directors and Shareholders
Genesco Inc.

We have audited Genesco Inc.'s internal control over financial reporting as of February 2, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Genesco Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Genesco Inc. maintained, in all material respects, effective internal control over financial reporting as of February 2, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Genesco Inc. as of February 2, 2008 and February 3, 2007, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three fiscal years in the period ended February 2, 2008 and our report dated March 31, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 31, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Genesco Inc.

We have audited the accompanying consolidated balance sheets of Genesco Inc. and Subsidiaries (the "Company") as of February 2, 2008 and February 3, 2007, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three fiscal years in the period ended February 2, 2008. Our audits also included the financial statement schedule listed in Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Genesco Inc. and Subsidiaries at February 2, 2008 and February 3, 2007, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended February 2, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

As discussed in Notes 1, 9 and 12 to the consolidated financial statements, in fiscal 2008 the Company changed its method of accounting for income tax contingencies, and in fiscal 2007 the Company changed its method of accounting for shared-based payments and its method of accounting for defined benefit pension and other postretirement benefit plans.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of February 2, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 31, 2008

Genesco Inc.
and Subsidiaries
Consolidated Balance Sheets
In Thousands, except share amounts

	As of Fiscal Year End	
	2008	2007
Assets		
Current Assets		
Cash and cash equivalents	**$ 17,703**	$ 16,739
Accounts receivable, net of allowances of $1,767 at February 2, 2008 and $1,910 at February 3, 2007	**24,275**	24,084
Inventories	**300,548**	261,037
Deferred income taxes	**18,702**	12,940
Prepaids and other current assets	**22,439**	20,266
Total current assets	**383,667**	335,066
Property and equipment:		
Land	**4,861**	4,861
Buildings and building equipment	**17,165**	17,445
Computer hardware, software and equipment	**76,700**	72,404
Furniture and fixtures	**93,703**	82,542
Construction in progress	**9,120**	12,005
Improvements to leased property	**263,184**	222,493
Property and equipment, at cost	**464,733**	411,750
Accumulated depreciation	**(217,492)**	(189,416)
Property and equipment, net	**247,241**	222,334
Deferred income taxes	**2,641**	-0-
Goodwill	**107,618**	107,651
Trademarks	**51,403**	51,361
Other intangibles, net of accumulated amortization of $7,426 at February 2, 2008 and $6,096 at February 3, 2007	**1,486**	2,816
Other noncurrent assets	**10,500**	10,145
Total Assets	**$ 804,556**	$ 729,373

Genesco Inc.
and Subsidiaries
Consolidated Balance Sheets
In Thousands, except share amounts

	As of Fiscal Year End	
	2008	2007
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	**$ 75,302**	$ 65,083
Accrued employee compensation	**13,715**	21,954
Accrued other taxes	**10,576**	9,829
Accrued income taxes	**4,725**	7,845
Other accrued liabilities	**35,470**	25,570
Provision for discontinued operations	**5,786**	4,455
Total current liabilities	**145,574**	134,736
Long-term debt	**155,220**	109,250
Pension liability	**6,572**	14,306
Deferred rent and other long-term liabilities	**74,067**	64,245
Provision for discontinued operations	**1,708**	1,610
Total liabilities	**383,141**	324,147
Commitments and contingent liabilities		
Shareholders' Equity		
Non-redeemable preferred stock	**5,338**	6,602
Common shareholders' equity:		
Common stock, $1 par value:		
Authorized: 80,000,000 shares Issued/Outstanding: February 2, 2008 – 23,284,741/22,796,277 February 3, 2007 – 23,230,458/22,741,994	**23,285**	23,230
Additional paid-in capital	**117,629**	107,956
Retained earnings	**309,030**	306,622
Accumulated other comprehensive loss	**(16,010)**	(21,327)
Treasury shares, at cost	**(17,857)**	(17,857)
Total shareholders' equity	**421,415**	405,226
Total Liabilities and Shareholders' Equity	**$ 804,556**	$ 729,373

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

Genesco Inc.
and Subsidiaries
Consolidated Statements of Earnings
In Thousands, except per share amounts

			Fiscal Year
	2008	2007	2006
Net sales	**$ 1,502,119**	$ 1,460,478	$ 1,283,876
Cost of sales	**750,904**	729,643	631,469
Selling and administrative expenses	**696,352**	608,685	537,327
Restructuring and other, net	**9,702**	1,105	2,253
Earnings from operations	**45,161**	121,045	112,827
Interest expense, net:			
Interest expense	**12,570**	10,488	11,482
Interest income	**(144)**	(561)	(1,125)
Total interest expense, net	**12,426**	9,927	10,357
Earnings before income taxes from continuing operations	**32,735**	111,118	102,470
Income tax expense	**24,247**	42,871	39,844
Earnings from continuing operations	**8,488**	68,247	62,626
(Provision for) earnings from discontinued operations, net	**(1,603)**	(601)	60
Net Earnings	**$ 6,885**	$ 67,646	$ 62,686
Basic earnings per common share:			
Continuing operations	**$ .37**	$ 3.00	$ 2.73
Discontinued operations	**$ (.07)**	$ (.02)	$ .01
Net earnings	**$ .30**	$ 2.98	$ 2.74
Diluted earnings per common share:			
Continuing operations	**$ .36**	$ 2.61	$ 2.38
Discontinued operations	**$ (.07)**	$ (.02)	$ .00
Net earnings	**$ .29**	$ 2.59	$ 2.38

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

Genesco Inc.
and Subsidiaries
Consolidated Statements of Cash Flows
In Thousands

			Fiscal Year
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	**$ 6,885**	$ 67,646	$ 62,686
Tax benefit of stock options exercised	**(694)**	(2,405)	3,850
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities**:**			
Depreciation	**45,114**	40,306	34,622
Deferred income taxes	**(12,683)**	(6,129)	(5,065)
Provision for losses on accounts receivable	**137**	274	29
Impairment of long-lived assets	**8,722**	1,921	376
Share-based compensation and restricted stock	**7,851**	7,413	972
Provision for (earnings from) discontinued operations	**2,633**	988	(98)
Other	**2,643**	1,509	5,462
Effect on cash of changes in working capital and other assets and liabilities, net of acquisitions:			
Accounts receivable	**(349)**	(3,080)	(3,294)
Inventories	**(39,511)**	(28,357)	(23,452)
Prepaids and other current assets	**(2,174)**	1,593	(2,220)
Accounts payable	**(430)**	(9,068)	8,744
Other accrued liabilities	**(923)**	(11,962)	17,357
Other assets and liabilities	**6,722**	9,917	5,032
Net cash provided by operating activities	**23,943**	70,566	105,001
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**(80,662)**	(73,287)	(56,946)
Acquisitions, net of cash acquired	**(34)**	(16,569)	-0-
Proceeds from sale of property and equipment	**6**	6	21
Net cash used in investing activities	**(80,690)**	(89,850)	(56,925)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments of long-term debt	**-0-**	(21,600)	(55,000)
Payments of capital leases	**(210)**	(4)	(358)
Borrowings under revolving credit facility	**365,000**	262,000	1,000
Payments on revolving credit facility	**(319,000)**	(239,000)	(1,000)
Tax benefit of stock options exercised	**694**	2,405	-0-
Shares repurchased	**-0-**	(32,088)	-0-
Change in overdraft balances	**10,649**	(1,477)	(414)
Dividends paid on non-redeemable preferred stock	**(217)**	(256)	(273)
Exercise of stock options and issue shares — Employee Stock Purchase Plan	**795**	6,779	8,352
Financing costs paid	**-0-**	(1,187)	-0-
Net cash provided by (used in) financing activities	**57,711**	(24,428)	(47,693)
Net Increase (Decrease) in Cash and Cash Equivalents	**964**	(43,712)	383
Cash and cash equivalents at beginning of year	**16,739**	60,451	60,068
Cash and cash equivalents at end of year	**$ 17,703**	$ 16,739	$ 60,451
Supplemental Cash Flow Information:			
Net cash paid for:			
Interest	**$ 11,448**	$ 9,730	$ 10,368
Income taxes	**37,560**	51,053	32,510

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

Genesco Inc.
and Subsidiaries
Consolidated Statements of Shareholders' Equity
In Thousands

	Total Non-Redeemable Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Comprehensive Income	Total Share-holders' Equity
Balance January 29, 2005	$ 7,474	$ 22,926	$ 109,005	$ 176,819	$ (26,302)	$ (17,857)		$ 272,065
Net earnings	-0-	-0-	-0-	62,686	-0-	-0-	$ 62,686	62,686
Dividends paid on non-redeemable preferred stock	-0-	-0-	-0-	(273)	-0-	-0-	-0-	(273)
Exercise of options	-0-	547	8,297	-0-	-0-	-0-	-0-	8,844
Employee restricted stock	-0-	229	400	-0-	-0-	-0-	-0-	629
Issue shares — Employee Stock Purchase Plan	-0-	25	483	-0-	-0-	-0-	-0-	508
Tax benefit of stock options exercised	-0-	-0-	3,850	-0-	-0-	-0-	-0-	3,850
Conversion of Series 4 preferred stock	(723)	11	712	-0-	-0-	-0-	-0-	-0-
Loss on foreign currency forward contracts (net of tax benefit of $0.7 million)	-0-	-0-	-0-	-0-	(1,047)	-0-	(1,047)	(1,047)
Gain on interest rate swaps (net of tax of $0.1 million)	-0-	-0-	-0-	-0-	61	-0-	61	61
Minimum pension liability adjustment (net of tax of $0.7 million)	-0-	-0-	-0-	-0-	1,084	-0-	1,084	1,084
Other	(56)	10	390	-0-	-0-	-0-	-0-	344
Comprehensive income							$ 62,784	
Balance January 28, 2006	6,695	23,748	123,137	239,232	(26,204)	(17,857)		348,751
Net earnings	-0-	-0-	-0-	67,646	-0-	-0-	$ 67,646	67,646
Dividends paid on non-redeemable preferred stock	-0-	-0-	-0-	(256)	-0-	-0-	-0-	(256)
Exercise of stock options	-0-	357	6,101	-0-	-0-	-0-	-0-	6,458
Issue shares — Employee Stock Purchase Plan	-0-	10	311	-0-	-0-	-0-	-0-	321
Shares repurchased	-0-	(1,062)	(31,026)	-0-	-0-	-0-	-0-	(32,088)
Employee and non-employee restricted stock	-0-	182	3,164	-0-	-0-	-0-	-0-	3,346
Share-based compensation	-0-	-0-	4,067	-0-	-0-	-0-	-0-	4,067
Tax benefit of stock options exercised	-0-	-0-	2,405	-0-	-0-	-0-	-0-	2,405
Gain on foreign currency forward contracts (net of tax of $0.6 million)	-0-	-0-	-0-	-0-	848	-0-	848	848
Loss on interest rate swaps (net of tax benefit of $0.2 million)	-0-	-0-	-0-	-0-	(218)	-0-	(218)	(218)
Pension liability adjustment (net of tax of $3.2 million)	-0-	-0-	-0-	-0-	5,094	-0-	5,094	5,094
Cumulative adjustment to adopt SFAS No. 158 (net of tax benefit of $0.5 million)	-0-	-0-	-0-	-0-	(802)	-0-	-0-	(802)
Foreign currency translation adjustment	-0-	-0-	-0-	-0-	(45)	-0-	(45)	(45)
Other	(93)	(5)	(203)	-0-	-0-	-0-	-0-	(301)
Comprehensive income							$ 73,325	
Balance February 3, 2007	6,602	23,230	107,956	306,622	(21,327)	(17,857)		405,226
Cumulative effect of change in accounting principle (see Note 9)	-0-	-0-	-0-	(4,260)	-0-	-0-	$ -0-	(4,260)
Net earnings	-0-	-0-	-0-	6,885	-0-	-0-	6,885	6,885
Dividends paid on non-redeemable preferred stock	-0-	-0-	-0-	(217)	-0-	-0-	-0-	(217)
Exercise of stock options	-0-	33	551	-0-	-0-	-0-	-0-	584
Issue shares — Employee Stock Purchase Plan	-0-	5	206	-0-	-0-	-0-	-0-	211
Employee and non-employee restricted stock	-0-	-0-	4,621	-0-	-0-	-0-	-0-	4,621
Share-based compensation	-0-	-0-	3,230	-0-	-0-	-0-	-0-	3,230
Restricted shares withheld for taxes	-0-	(19)	(887)	-0-	-0-	-0-	-0-	(906)
Tax benefit of stock options exercised	-0-	-0-	694	-0-	-0-	-0-	-0-	694
Conversion of Series 3 preferred stock	(533)	11	522	-0-	-0-	-0-	-0-	-0-
Conversion of Series 4 preferred stock	(561)	9	552	-0-	-0-	-0-	-0-	-0-
Gain on foreign currency forward contracts (net of tax of $0.0 million)	-0-	-0-	-0-	-0-	37	-0-	37	37
Pension liability adjustment (net of tax of $2.7 million)	-0-	-0-	-0-	-0-	4,131	-0-	4,131	4,131
Postretirement liability adjustment (net of tax of $0.4 million)	-0-	-0-	-0-	-0-	644	-0-	644	644
Foreign currency translation adjustment	-0-	-0-	-0-	-0-	505	-0-	505	505
Other	(170)	16	184	-0-	-0-	-0-	-0-	30
Comprehensive income							$ 12,202	
Balance February 2, 2008	**$ 5,338**	**$ 23,285**	**$ 117,629**	**$ 309,030**	**$ (16,010)**	**$ (17,857)**		**$ 421,415**

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

Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 1

Summary of Significant Accounting Policies

Nature of Operations

The Company's businesses include the design or sourcing, marketing and distribution of footwear, principally under the *Johnston & Murphy* and *Dockers* brands and the operation at February 2, 2008 of 2,175 *Journeys, Journeys Kidz, Shi by Journeys, Johnston & Murphy, Underground Station, Jarman, Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection* and *Lids Kids* retail footwear and headwear stores.

Principles of Consolidation

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

Fiscal Year

The Company's fiscal year ends on the Saturday closest to January 31. As a result, Fiscal 2008 was a 52-week year with 364 days, Fiscal 2007 was a 53-week year with 371 days and Fiscal 2006 was a 52-week year with 364 days. Fiscal 2008 ended on February 2, 2008, Fiscal 2007 ended on February 3, 2007 and Fiscal 2006 ended on January 28, 2006.

Use of Estimates

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

Significant areas requiring management estimates or judgments include the following key financial areas:

Inventory Valuation

The Company values its inventories at the lower of cost or market.

In its wholesale operations, cost is determined using the first-in, first-out ("FIFO") method. Market is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders. The Company provides reserves when the inventory has not been marked down to market based on current selling prices or when the inventory is not turning and is not expected to turn at levels satisfactory to the Company.

In its retail operations, other than the Hat World segment, the Company employs the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Inherent in the retail inventory method are subjective judgments and estimates, including merchandise mark-on, markups, markdowns, and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, the Company employs the retail inventory method in multiple subclasses of inventory with similar gross margins, and analyzes markdown requirements at the stock number level based on factors such as inventory turn, average selling price, and inventory age. In addition, the Company accrues markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown provisions, the Company maintains provisions for shrinkage and damaged goods based on historical rates.

The Hat World segment employs the moving average cost method for valuing inventories and applies freight using an allocation method. The Company provides a valuation allowance for slow-moving inventory based on negative margins and estimated shrink based on historical experience and specific analysis, where appropriate.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends, and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value.

Impairment of Long-Lived Assets

The Company periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets (see Note 3).

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 14. The Company has made provisions for certain of these contingencies, including approximately $2.9 million reflected in Fiscal 2008, $1.1 million reflected in Fiscal 2007 and $0.8 million reflected in Fiscal 2006. The Company monitors these matters on an ongoing basis and, on a quarterly basis, management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a best estimate of probable loss connected to the proceeding, or in cases in which no best estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves will be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Revenue Recognition

Retail sales are recorded at the point of sale and are net of estimated returns and exclude sales taxes. Catalog and internet sales are recorded at time of delivery to the customer and are net of estimated returns. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Shipping and handling costs charged to customers are included in net sales. Estimated returns are based on historical returns and claims. Actual amounts of markdowns have not differed materially from estimates. Actual returns and claims in any future period may differ from historical experience.

Income Taxes

As part of the process of preparing Consolidated Financial Statements, the Company is required to estimate its income taxes in each of the tax jurisdictions in which it operates. This process involves estimating actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within the Consolidated Balance Sheets. The Company then assesses the likelihood that its deferred tax assets will be recovered from future taxable income. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. To the extent the Company believes that recovery of an asset is at risk, valuation allowances are established. To the extent valuation allowances are established or increase the allowances in a period, the Company includes an expense within the tax provision in the Consolidated Statements of Operations.

Income tax reserves are determined using the methodology established by FIN 48. FIN 48, which was adopted by the Company as of February 4, 2007, requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company’s determinations and estimates prove to be inaccurate, the resulting adjustments could be material to its future financial results. See Note 9 for additional information regarding income taxes.

Postretirement Benefits Plan Accounting

Substantially all full-time employees (except employees in the Hat World segment), who also had 1,000 hours of service in Calendar 2004, are covered by a defined benefit pension plan. The Company froze the defined benefit pension plan effective January 1, 2005. The Company also provides certain former employees with limited medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

In September 2006, the FASB issued SFAS No. 158 which requires companies to recognize the overfunded or underfunded status of postretirement benefit plans as an asset or liability in its Consolidated Balance Sheets and to recognize changes in that funded status in accumulated other comprehensive loss, net of tax, in the year in which the changes occur. This statement did not change the accounting for plans required by SFAS No. 87, and it did not eliminate any of the expanded disclosures required by SFAS No. 132(R). On February 3, 2007, the Company adopted the recognition and disclosure provisions of SFAS No. 158. As a result of the adoption of SFAS No. 158, the Company recognized a $0.8 million (net of tax) cumulative adjustment in accumulated other comprehensive loss in shareholders' equity for Fiscal 2007 related to the Company's post-retirement medical and life insurance benefits. SFAS No. 158 also requires companies to measure the funded status of a plan as of the date of its fiscal year end. This requirement of SFAS No. 158 is not effective for the Company until Fiscal 2009. The Company does not believe the adoption of the measurement date will have a material impact on the Company's results of operations or financial position.

The Company accounts for the defined benefit pension plans using SFAS No. 87, as amended. As permitted under SFAS No. 87, pension expense is recognized on an accrual basis over employees' approximate service periods. The calculation of pension expense and the corresponding liability requires the use of a number of critical assumptions, including the expected long-term rate of return on plan assets and the assumed discount rate, as well as the recognition of actuarial gains and losses. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from these assumptions.

Share-Based Compensation

The Company has share-based compensation plans covering certain members of management and non-employee directors. Pursuant to SFAS No. 123(R), adopted on the first day of Fiscal 2007, the Company recognizes compensation expense for share-based payments based on the fair value of the awards. For Fiscal 2008 and 2007, share-based compensation expense was $3.2 million and $4.1 million, respectively. For Fiscal 2008 and 2007, restricted stock expense was $4.6 million and $3.4 million, respectively. The benefits of tax deductions in excess of recognized compensation expense are reported as a financing cash flow.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense, including expected stock price volatility. The Company bases expected volatility on historical term structures. The Company bases the risk free rate on an interest rate for a bond with a maturity commensurate with the expected term estimate. The Company estimates the expected term of stock options using historical exercise and employee termination experience. The Company does not currently pay a dividend on common stock. The fair value of employee restricted stock is determined based on the closing price of the Company's stock on the date of the grant.

In addition to the key assumptions used in the Black-Scholes model, the estimated forfeiture rate at the time of valuation (which is based on historical experience for similar options) is a critical assumption, as it reduces expense ratably over the vesting period. Shared-based compensation expense is recorded based on a 2% expected forfeiture rate and is adjusted annually for actual forfeitures. The Company reviews the expected forfeiture rate annually to determine if that percent is still reasonable based on historical experience. The Company believes its estimates are reasonable in the context of actual (historical) experience. See Note 12 for additional information regarding the Company's share-based compensation plans.

Cash and Cash Equivalents

Included in cash and cash equivalents at February 2, 2008 and February 3, 2007 are cash equivalents of $0.4 million and $0.9 million, respectively. Cash equivalents are highly-liquid financial instruments having an original maturity of three months or less. The majority of payments due from banks for customer credit card transactions process within 24 — 48 hours and are accordingly classified as cash and cash equivalents.

At February 2, 2008 and February 3, 2007 outstanding checks drawn on zero-balance accounts at certain domestic banks exceeded book cash balances at those banks by approximately $26.4 million and $15.8 million, respectively. These amounts are included in accounts payable.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk and Allowances on Accounts Receivable

The Company's footwear wholesale businesses sell primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Customer credit risk is affected by conditions or occurrences within the economy and the retail industry as well as by customer specific factors. One customer accounted for 14% and another customer accounted for 11% of the Company's trade receivables balance and no other customer accounted for more than 10% of the Company's trade receivables balance as of February 2, 2008.

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information, as well as customer specific factors. The Company also establishes allowances for sales returns, customer deductions and co-op advertising based on specific circumstances, historical trends and projected probable outcomes.

Property and Equipment

Property and equipment are recorded at cost and depreciated or amortized over the estimated useful life of related assets. Depreciation and amortization expense are computed principally by the straight-line method over the following estimated useful lives:

Buildings and building equipment	20-45 years
Computer hardware, software and equipment	3-10 years
Furniture and fixtures	10 years

Leases

Leasehold improvements and properties under capital leases are amortized on the straight-line method over the shorter of their useful lives or their related lease terms and the charge to earnings is included in selling and administrative expenses in the Consolidated Statements of Operations.

Certain leases include rent increases during the initial lease term. For these leases, the Company recognizes the related rental expense on a straight-line basis over the term of the lease (which includes any rent holidays and the pre-opening period of construction, renovation, fixturing and merchandise placement) and records the difference between the amounts charged to operations and amounts paid as a rent liability.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

The Company occasionally receives reimbursements from landlords to be used towards construction of the store the Company intends to lease. Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are amortized as a reduction of rent expense over the initial lease term.

Goodwill and Other Intangibles

Under the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets,” (“SFAS No. 142”), goodwill and intangible assets with indefinite lives are not amortized, but are tested at least annually for impairment. SFAS No. 142 also requires that intangible assets with finite lives be amortized over their respective lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS No. 144”).

Intangible assets of the Company with indefinite lives are primarily goodwill and identifiable trademarks acquired in connection with the acquisition of Hat World Corporation on April 1, 2004 and Hat Shack, Inc. on January 11, 2007. The Consolidated Balance Sheets include goodwill for the Hat World Group of $107.6 million and $107.7 million at February 2, 2008 and February 3, 2007, respectively. The Company tests for impairment of intangible assets with an indefinite life, at a minimum on an annual basis, relying on a number of factors including operating results, business plans and projected future cash flows. The impairment test for identifiable assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying amount.

Identifiable intangible assets of the Company with finite lives are primarily in-place leases and customer lists. They are subject to amortization based upon their estimated useful lives. Finite-lived intangible assets are evaluated for impairment using a process similar to that used to evaluate other definite-lived long-lived assets, a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset.

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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments at February 2, 2008 and February 3, 2007 are:

Fair Values In thousands	**2008**		2007	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Fixed Rate Long-term Debt	**$86,220**	**$115,489**	$86,250	$163,634

Carrying amounts reported on the balance sheet for cash, cash equivalents, receivables, foreign currency hedges and accounts payable approximate fair value due to the short-term maturity of these instruments.

The fair value of the Company's long-term debt was based on dealer prices on the respective balance sheet dates.

Cost of Sales

For the Company's retail operations, the cost of sales includes actual product cost, the cost of transportation to the Company's warehouses from suppliers and the cost of transportation from the Company's warehouses to the stores. Additionally, the cost of its distribution facilities allocated to its retail operations is included in cost of sales.

For the Company's wholesale operations, the cost of sales includes the actual product cost and the cost of transportation to the Company's warehouses from suppliers.

Selling and Administrative Expenses

Selling and administrative expenses include all operating costs of the Company excluding (i) those related to the transportation of products from the supplier to the warehouse, (ii) for its retail operations, those related to the transportation of products from the warehouse to the store and (iii) costs of its distribution facilities which are allocated to its retail operations. Wholesale and unallocated retail costs of distribution are included in selling and administrative expenses in the amounts of $3.7 million, $4.4 million and $4.5 million for Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Gift Cards

The Company has a gift card program that began in calendar 1999 for its Hat World operations and calendar 2000 for its footwear operations. The gift cards issued to date do not expire. As such, the Company recognizes income when: (i) the gift card is redeemed by the customer; or (ii) the likelihood of the gift card being redeemed by the customer for the purchase of goods in the future is remote and there are no related escheat laws (referred to as “breakage”). The gift card breakage rate is based upon historical redemption patterns and income is recognized for unredeemed gift cards in proportion to those historical redemption patterns.

The Company recognized income of $0.6 million in the fourth quarter of Fiscal 2007 due to the Company’s belief that it had sufficient historical information to support the recognition of gift card breakage after a review of state escheat laws in which it operates. This initial recognition of gift card breakage was included as a reduction in restructuring and other, net on the Consolidated Statements of Earnings. Effective February 4, 2007, gift card breakage is recognized in revenues each period. Gift card breakage recognized as revenue in Fiscal 2008 was $0.3 million. The Consolidated Balance Sheets include an accrued liability for gift cards of $7.5 million and $6.3 million at February 2, 2008 and February 3, 2007, respectively.

Buying, Merchandising and Occupancy Costs

The Company records buying, merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company’s gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin.

Shipping and Handling Costs

Shipping and handling costs related to inventory purchased from suppliers is included in the cost of inventory and is charged to cost of sales in the period that the inventory is sold. All other shipping and handling costs are charged to cost of sales in the period incurred except for wholesale and unallocated retail costs of distribution, which are included in selling and administrative expenses.

Preopening Costs

Costs associated with the opening of new stores are expensed as incurred, and are included in selling and administrative expenses on the accompanying Consolidated Statements of Earnings.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Store Closings and Exit Costs

From time to time, the Company makes strategic decisions to close stores or exit locations or activities. If stores or operating activities to be closed or exited constitute components, as defined by SFAS No. 144, and will not result in a migration of customers and cash flows, these closures will be considered discontinued operations when the related assets meet the criteria to be classified as held for sale, or at the cease-use date, whichever occurs first. The results of operations of discontinued operations are presented retroactively, net of tax, as a separate component on the Consolidated Statements of Earnings, if material individually or cumulatively. To date, no store closings meeting the discontinued operations criteria have been material individually or cumulatively.

Assets related to planned store closures or other exit activities are reflected as assets held for sale and recorded at the lower of carrying value or fair value less costs to sell when the required criteria, as defined by SFAS No. 144, are satisfied. Depreciation ceases on the date that the held for sale criteria are met.

Assets related to planned store closures or other exit activities that do not meet the criteria to be classified as held for sale are evaluated for impairment in accordance with the Company's normal impairment policy, but with consideration given to revised estimates of future cash flows. In any event, the remaining depreciable useful lives are evaluated and adjusted as necessary.

Exit costs related to anticipated lease termination costs, severance benefits and other expected charges are accrued for and recognized in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities."

Advertising Costs

Advertising costs are predominantly expensed as incurred. Advertising costs were $33.7 million, $31.1 million and $29.1 million for Fiscal 2008, 2007 and 2006, respectively. Direct response advertising costs for catalogs are capitalized in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position No. 93-7, "Reporting on Advertising Costs." Such costs are amortized over the estimated future revenues realized from such advertising, not to exceed six months. The Consolidated Balance Sheets include prepaid assets for direct response advertising costs of $1.4 million and $1.1 million at February 2, 2008 and February 3, 2007, respectively.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Consideration to Resellers

The Company does not have any written buy-down programs with retailers, but the Company has provided certain retailers with markdown allowances for obsolete and slow moving products that are in the retailer's inventory. The Company estimates these allowances and provides for them as reductions to revenues at the time revenues are recorded. Markdowns are negotiated with retailers and changes are made to the estimates as agreements are reached. Actual amounts for markdowns have not differed materially from estimates.

Cooperative Advertising

Cooperative advertising funds are made available to all of the Company's wholesale customers. In order for retailers to receive reimbursement under such programs, the retailer must meet specified advertising guidelines and provide appropriate documentation of expenses to be reimbursed. The Company's cooperative advertising agreements require that wholesale customers present documentation or other evidence of specific advertisements or display materials used for the Company's products by submitting the actual print advertisements presented in catalogs, newspaper inserts or other advertising circulars, or by permitting physical inspection of displays. Additionally, the Company's cooperative advertising agreements require that the amount of reimbursement requested for such advertising or materials be supported by invoices or other evidence of the actual costs incurred by the retailer. The Company accounts for these cooperative advertising costs as selling and administrative expenses, in accordance with Emerging Issues Task Force ("EITF") Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)."

Cooperative advertising costs recognized in selling and administrative expenses were $3.3 million, $2.7 million and $2.2 million for Fiscal 2008, 2007 and 2006, respectively. During Fiscal 2008, 2007 and 2006, the Company's cooperative advertising reimbursements paid did not exceed the fair value of the benefits received under those agreements.

Vendor Allowances

From time to time, the Company negotiates allowances from its vendors for markdowns taken or expected to be taken. These markdowns are typically negotiated on specific merchandise and for specific amounts. These specific allowances are recognized as a reduction in cost of sales in the period in which the markdowns are taken. Markdown allowances not attached to specific inventory on hand or already sold are applied to concurrent or future purchases from each respective vendor.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

The Company receives support from some of its vendors in the form of reimbursements for cooperative advertising and catalog costs for the launch and promotion of certain products. The reimbursements are agreed upon with vendors and represent specific, incremental, identifiable costs incurred by the Company in selling the vendor's products. Such costs and the related reimbursements are accumulated and monitored on an individual vendor basis, pursuant to the respective cooperative advertising agreements with vendors. Such cooperative advertising reimbursements are recorded as a reduction of selling and administrative expenses in the same period in which the associated expense is incurred. If the amount of cash consideration received exceeds the costs being reimbursed, such excess amount would be recorded as a reduction of cost of sales.

Vendor reimbursements of cooperative advertising costs recognized as a reduction of selling and administrative expenses were $4.3 million, $3.9 million and $3.6 million for Fiscal 2008, 2007 and 2006, respectively. During Fiscal 2008, 2007 and 2006, the Company's cooperative advertising reimbursements received were not in excess of the costs reimbursed.

Environmental Costs

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

Earnings Per Common Share

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock (see Note 11).

Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

Other Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income," requires, among other things, the Company's pension liability adjustment, postretirement liability adjustment, unrealized gains or losses on foreign currency forward contracts and foreign currency translation adjustments to be included in other comprehensive income net of tax. Accumulated other comprehensive loss at February 2, 2008 consisted of $16.7 million of cumulative pension liability adjustments, net of tax and a $0.2 million cumulative postretirement liability adjustment, net of tax, offset by cumulative net gains of $0.3 million on foreign currency forward contracts, net of tax, and a foreign currency translation adjustment of $0.6 million.

Business Segments

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," requires that companies disclose "operating segments" based on the way management disaggregates the Company's operations for making internal operating decisions (see Note 15).

Derivative Instruments and Hedging Activities

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities — Deferral of the Effective Date of SFAS No. 133," SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," (collectively "SFAS No. 133") require an entity to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and to measure those instruments at fair value. Under certain conditions, a derivative may be specifically designated as a fair value hedge or a cash flow hedge. The accounting for changes in the fair value of a derivative are recorded each period in current earnings or in other comprehensive income depending on the intended use of the derivative and the resulting designation.

New Accounting Principles

In September 2006, the FASB issued SFAS No. 157. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. In December 2007, the FASB issued proposed FASB Staff Position No. FAS 157-b, "Effective Date of FASB Statement No. 157" (the "proposed FSP"). The proposed FSP would amend SFAS No. 157, to delay the effective date for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). The proposed FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 (Fiscal 2010 for the Company), and interim periods within those fiscal years for items within the scope of the proposed FSP. The Company is subject to the remaining provisions of SFAS No. 157 beginning February 3, 2008. The Company does not believe the adoption of SFAS No. 157 will have a material impact on the Company's results of operations or financial position.

Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

In February 2007, the FASB issued SFAS No. 159. SFAS No. 159 allows companies to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 (Fiscal 2009 for the Company). The Company does not believe that the adoption of SFAS No. 159 will have a material impact on the Company's results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statement to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after an entity's fiscal year that begins after December 15, 2008 (Fiscal 2010 for the Company). The Company expects the adoption will have an impact on the Consolidated Financial Statements when effective, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of any acquisitions consummated after the effective date. The Company will assess the impact of this standard on the Consolidated Financial Statements if and when a future acquisition occurs.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — An Amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the Consolidated Financial Statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net earnings on the face of the Statements of Earnings. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (Fiscal 2010 for the Company). Earlier adoption is prohibited. The Company does not believe that the adoption of SFAS No. 160 will have a material impact on the Company's results of operations or financial position.

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Note 2
Acquisition

Hat Shack Acquisition

On January 11, 2007, Hat World acquired 100% of the outstanding stock of Hat Shack, Inc., which operated 49 Hat Shack retail headwear stores located primarily in the southeastern United States, for a purchase price of $16.6 million plus debt assumed of $2.2 million funded from cash on hand. The Company allocated $11.4 million of the purchase price to goodwill and $3.7 million to tradenames. The goodwill related to the Hat Shack acquisition is not deductible for tax purposes.

Hat World Acquisition

The trademarks acquired include the concept names and are deemed to have an indefinite life. Finite-lived intangibles include a $0.3 million customer list and an $8.6 million asset to reflect the adjustment of acquired leases to market. The weighted average amortization period for the asset to adjust acquired leases to market is 4.2 years. The amortization of intangibles was $1.3 million, $1.8 million and $2.3 million for Fiscal 2008, 2007 and 2006, respectively. The amortization of intangibles for Fiscal 2009, 2010, 2011, 2012 and 2013 will be $0.7 million, $0.4 million, $0.2 million, $0.1 million and $0.1 million, respectively.

Note 3
Restructuring and Other Charges and Discontinued Operations

Restructuring and Other Charges

In accordance with Company policy, assets are determined to be impaired when the revised estimated future cash flows are insufficient to recover the carrying costs. Impairment charges represent the excess of the carrying value over the fair value of those assets.

Asset impairment charges are reflected as a reduction of the net carrying value of property and equipment, and in restructuring and other, net in the accompanying Consolidated Statements of Earnings.

Genesco Inc.
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Note 3
Restructuring and Other Charges and Discontinued Operations, Continued

The Company recorded a total pretax charge to earnings of $10.6 million ($6.4 million net of tax) in Fiscal 2008. The charge reflected in restructuring and other, net included $8.7 million of charges for retail store asset impairments and $1.5 million for lease terminations, offset by $0.5 million in excise tax refunds and an antitrust settlement. The asset impairments reflected deterioration in the urban market as well as underperforming stores in some of the Company's other markets. Also included in the charge was $0.9 million in excess markdowns related to the Underground Station Group store lease terminations which is reflected in cost of sales on the Consolidated Statements of Earnings.

The Company recorded a pretax charge to earnings of $1.1 million ($0.7 million net of tax) in Fiscal 2007. The charge included $2.2 million of charges for asset impairments and the early termination of a license agreement offset by $1.1 million of gift card related income and a favorable litigation settlement.

The Company recorded a pretax charge to earnings of $2.3 million ($1.4 million net of tax) in Fiscal 2006. The charge included $1.7 million for the settlement of a California employment class action and $0.6 million for retail store asset impairments and lease terminations of 13 Jarman stores pursuant to the plan announced by the Company in Fiscal 2004 to close or convert into other retail concepts all remaining Jarman stores.

Discontinued Operations

For the year ended February 2, 2008, the Company recorded an additional charge to earnings of $2.6 million ($1.6 million net of tax) reflected in discontinued operations, including $2.9 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.3 million gain for excess provisions to prior discontinued operations (see Note 14).

For the year ended February 3, 2007, the Company recorded an additional charge to earnings of $1.0 million ($0.6 million net of tax) reflected in discontinued operations, including $1.1 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.1 million gain for excess provisions to prior discontinued operations (see Note 14).

For the year ended January 28, 2006, the Company recorded a credit to earnings of $0.1 million ($0.1 million net of tax) reflected in discontinued operations, including a $0.9 million gain for excess provisions to prior discontinued operations offset by $0.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company (see Note 14).

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 3
Restructuring and Other Charges and Discontinued Operations, Continued

Accrued Provision for Discontinued Operations

In thousands	Facility Shutdown Costs	Other	Total
Balance January 28, 2006	$ 5,710	$ 3	$ 5,713
Additional provision Fiscal 2007	988	-0-	988
Charges and adjustments, net	(633)	(3)	(636)
Balance February 3, 2007	6,065	-0-	6,065
Additional provision Fiscal 2008	2,633	-0-	2,633
Charges and adjustments, net	(1,204)	-0-	(1,204)
Balance February 2, 2008*	7,494	-0-	7,494
Current provision for discontinued operations	5,786	-0-	5,786
Total Noncurrent Provision for Discontinued Operations	$ 1,708	$-0-	$ 1,708

* Includes a $7.8 million environmental provision, including $5.7 million in current provision, for discontinued operations.

Note 4
Inventories

In thousands	February 2, 2008	February 3, 2007
Raw materials	**$ 204**	$ 212
Wholesale finished goods	**31,081**	29,272
Retail merchandise	**269,263**	231,553
Total Inventories	**$300,548**	$261,037

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Notes to Consolidated Financial Statements

Note 5
Derivative Instruments and Hedging Activities

In order to reduce exposure to foreign currency exchange rate fluctuations in connection with inventory purchase commitments for its Johnston & Murphy Group (primarily the Euro), the Company enters into foreign currency forward exchange contracts with a maximum hedging period of twelve months. Derivative instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged. The settlement terms of the forward contracts correspond with the payment terms for the merchandise inventories. As a result, there is no hedge ineffectiveness to be reflected in earnings. The notional amount of such contracts outstanding at February 2, 2008 and February 3, 2007 was $2.5 million and $8.0 million, respectively. Forward exchange contracts have an average remaining term of approximately three months. The gain based on spot rates under these contracts at February 2, 2008 was $41,000 and the loss based on spot rates under these contracts at February 3, 2007 was $4,000. For the year ended February 2, 2008, the Company recorded an unrealized gain on foreign currency forward contracts of $0.1 million in accumulated other comprehensive loss, before taxes. The Company monitors the credit quality of the major national and regional financial institutions with which it enters into such contracts.

The Company estimates that the majority of net hedging gains related to forward exchange contracts will be reclassified from accumulated other comprehensive loss into earnings through lower cost of sales over the succeeding year.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 6
Long-Term Debt

In thousands	2008	2007
4 1/8% convertible subordinated debentures due June 2023	**$ 86,220**	$ 86,250
Revolver borrowings	**69,000**	23,000
Total long-term debt	**155,220**	109,250
Current portion	**-0-**	-0-
Total Noncurrent Portion of Long-Term Debt	**$ 155,220**	$ 109,250

Long-term debt maturing during each of the next five years ending January is as follows: 2009 - $-0-; 2010 — $-0-; 2011 — $-0-; 2012 — $69,000,000, 2013 — $-0-; and thereafter — $86,220,000.

Credit Facility:
On December 1, 2006, the Company entered into an Amended and Restated Credit Agreement (the “Credit Facility”) by and among the Company, certain subsidiaries of the Company party thereto, as other borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent. The Credit Facility replaced the Company’s $105.0 million revolving credit facility.

Deferred financing costs incurred of $1.2 million related to the Credit Facility were capitalized and are being amortized over four years. These costs are included in other non-current assets on the Consolidated Balance Sheets.

The Company had $69.0 million of revolver borrowings outstanding under the Credit Facility at February 2, 2008. The Company had outstanding letters of credit of $9.1 million under the facility at February 2, 2008. These letters of credit support product purchases and lease and insurance indemnifications.

The material terms of the Credit Facility are as follows:

Availability

The Credit Facility is a revolving credit facility in the aggregate principal amount of $200.0 million, with a $20.0 million swingline loan sublimit and a $70.0 million sublimit for the issuance of standby letters of credit, and has a five-year term. Any swingline loans and letters of credit will reduce the availability under the Credit Facility on a dollar-for-dollar basis. In addition, the Company has an option to increase the availability under the Credit Facility by up to $100.0 million (in increments no less than $25.0 million) subject to, among other things, the receipt of commitments for the increased amount. The aggregate amount of the loans made and letters of credit issued under the Restated Credit Agreement shall at no time exceed the lesser of the facility amount ($200.0 million or, if increased at the Company’s option, up to $300.0 million) or the “Borrowing Base”, which generally is based on 85% of eligible inventory plus 85% of eligible accounts receivable less applicable reserves.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 6
Long-Term Debt, Continued

Collateral

The loans and other obligations under the Credit Facility are secured by substantially all of the presently owned and hereafter acquired non-real estate assets of the Company and certain subsidiaries of the Company.

Interest and Fees

The Company’s borrowings under the Credit Facility bear interest at varying rates that, at the Company’s option, can be based on either:

- a base rate generally defined as the sum of the prime rate of Bank of America, N.A. and an applicable margin.
- a LIBO rate generally defined as the sum of LIBOR (as quoted on the British Banking Association Telerate Page 3750) and an applicable margin.

The initial applicable margin for base rate loans is 0.00%, and the initial applicable margin for LIBOR loans is 1.00%. Thereafter, the applicable margin will be subject to adjustment based on “Excess Availability” for the prior quarter. The term “Excess Availability” means, as of any given date, the excess (if any) of the Borrowing Base over the outstanding credit extensions under the Credit Facility.

Interest on the Company’s borrowings is payable monthly in arrears for base rate loans and at the end of each interest rate period (but not less often than quarterly) for LIBOR loans.

The Company is also required to pay a commitment fee on the difference between committed amounts and the aggregate amount (including the aggregate amount of letters of credit) of the credit extensions outstanding under the Credit Facility, which initially is 0.25% per annum, subject to adjustment in the same manner as the applicable margins for interest rates.

Certain Covenants

The Company is not required to comply with any financial covenants unless Adjusted Excess Availability is less than 10% of the total commitments under the Credit Facility (currently $20.0 million). The term “Adjusted Excess Availability” means, as of any given date, the excess (if any) of (a) the lesser of the total commitments under the Credit Facility and the Borrowing Base over (b) the outstanding credit extensions under the Credit Facility. If and during such time as Adjusted Excess Availability is less than such amount, the Credit Facility requires the Company to meet a minimum fixed charge coverage ratio (EBITDA less capital expenditures less cash taxes divided by cash interest expense and scheduled payments of principal indebtedness) of 1.00 to 1.00. Because adjusted excess availability exceeded $20.0 million, the Company was not required to comply with this financial covenant at February 2, 2008.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 6
Long-Term Debt, Continued

In addition, the Credit Facility contains certain covenants that, among other things, restrict additional indebtedness, liens and encumbrances, loans and investments, acquisitions, dividends and other restricted payments, transactions with affiliates, asset dispositions, mergers and consolidations, prepayments or material amendments of other indebtedness and other matters customarily restricted in such agreements.

Cash Dominion

The Credit Facility also contains cash dominion provisions that apply in the event that the Company's Adjusted Excess Availability fails to meet certain thresholds or there is an event of default under the Credit Facility.

Events of Default

The Credit Facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain other material indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, certain ERISA events, judgments in excess of specified amounts and change in control.

Certain of the lenders under the Credit Facility or their affiliates have provided, and may in the future provide, certain commercial banking, financial advisory, and investment banking services in the ordinary course of business for the Company, its subsidiaries and certain of its affiliates, for which they receive customary fees and commissions.

4 1/8% Convertible Subordinated Debentures due 2023:

On June 24, 2003 and June 26, 2003, the Company issued a total of $86.3 million of 4 1/8% Convertible Subordinated Debentures (the "Debentures") due June 15, 2023. The Debentures are convertible at the option of the holders into shares of the Company's common stock, par value $1.00 per share, if: (1) the price of its common stock issuable upon conversion of a Debenture reaches 120% or more of the initial conversion price ($26.54 or more) for 10 of the last 30 trading days of the immediately preceding fiscal quarter, (2) specified corporate transactions occur or (3) the trading price for the Debentures falls below certain thresholds. As of January 31, 2005, the debentures became convertible into shares of common stock at the option of the holders. The Company's common stock closed at or above $26.54 for at least 10 of the last 30 trading days of the fourth quarter of Fiscal 2005. Therefore, the contingency was satisfied. Upon conversion, the Company will have the right to deliver, in lieu of its common stock, cash or a combination of cash and shares of its common stock. Subject to the above conditions, each $1,000 principal amount of Debentures is convertible into 45.2080 shares (equivalent to an initial conversion price of $22.12 per share of common stock) subject to adjustment. There were $30,000 of debentures converted to 1,356 shares of common stock during Fiscal 2008.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 6
Long-Term Debt, Continued

The Company pays cash interest on the debentures at an annual rate of 4.125% of the principal amount at issuance, payable on June 15 and December 15 of each year, commencing on December 15, 2003. The Company will pay contingent interest (in the amounts set forth in the Debentures) to holders of the Debentures during any six-month period from and including an interest payment date to, but excluding, the next interest payment date, commencing with the six-month period ending December 15, 2008, if the average trading price of the Debentures for the five consecutive trading day measurement period immediately preceding the applicable six-month period equals 120% or more of the principal amount of the Debentures.

The Company may redeem some or all of the Debentures for cash at any time on or after June 20, 2008 at 100% of their principal amount, plus accrued and unpaid interest, contingent interest and liquidated damages, if any.

Each holder of the Debentures may require the Company to purchase all or a portion of the holder's Debentures on June 15, 2010, 2013 or 2018, at a price equal to the principal amount of the Debentures to be purchased, plus accrued and unpaid interest, contingent interest and liquidated damages, if any, to the purchase date. Each holder may also require the Company to repurchase all or a portion of such holder's Debentures upon the occurrence of a change of control (as defined in the Debentures). The Company may choose to pay the change of control purchase price in cash or shares of its common stock or a combination of cash and shares.

Deferred financing costs of $2.9 million relating to the issuance were capitalized and are being amortized over seven years and are included in other non-current assets on the Consolidated Balance Sheets.

The indenture pursuant to which the Debentures were issued does not restrict the incurrence of senior debt by the Company or other indebtedness or liabilities by the Company or any of its subsidiaries.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 7
Commitments Under Long-Term Leases

Operating Leases

The Company leases its office space and all of its retail store locations and transportation equipment under various noncancelable operating leases. The leases have varying terms and expire at various dates through 2023. The store leases typically have initial terms of between 5 and 10 years. Generally, most of the leases require the Company to pay taxes, insurance, maintenance costs and contingent rentals based on sales. Approximately 3% of the Company's leases contain renewal options.

Rental expense under operating leases of continuing operations was:

In thousands	2008	2007	2006
Minimum rentals	**$ 145,763**	$ 126,833	$ 110,028
Contingent rentals	**4,221**	5,320	4,668
Sublease rentals	**(806)**	(744)	(768)
Total Rental Expense	**$ 149,178**	$ 131,409	$ 113,928

Minimum rental commitments payable in future years are:

Fiscal Years	In Thousands
2009	$ 159,004
2010	155,317
2011	144,319
2012	130,019
2013	117,705
Later years	385,984
Total Minimum Rental Commitments	$1,092,348

For leases that contain predetermined fixed escalations of the minimum rentals, the related rental expense is recognized on a straight-line basis and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments is included in deferred rent and other long-term liabilities on the Consolidated Balance Sheets. The Company occasionally receives reimbursements from landlords to be used towards construction of the store the Company intends to lease. Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are amortized as a reduction of rent expense over the initial lease term. Tenant allowances of $25.5 million and $23.7 million for Fiscal 2008 and 2007, respectively, and deferred rent of $26.3 million and $22.3 million for Fiscal 2008 and 2007, respectively, are included in deferred rent and other long-term liabilities on the Consolidated Balance Sheets.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 8
Shareholders' Equity
Non-Redeemable Preferred Stock

Class (In order of preference)*	Shares Authorized	Number of Shares 2008	2007	2006	Amounts in Thousands 2008	2007	2006	Common Convertible Ratio	No. of Votes
Subordinated Serial Preferred (Cumulative)									
Aggregate	3,000,000**	—	—	—	**—**	—	—	N/A	N/A
$2.30 Series 1	64,368	**33,658**	36,045	36,295	**$1,346**	$ 1,442	$ 1,452	.83	1
$4.75 Series 3	40,449	**12,326**	17,660	17,660	**1,233**	1,766	1,766	2.11	2
$4.75 Series 4	53,764	**3,579**	9,184	9,184	**358**	918	918	1.52	1
Series 6	800,000	**-0-**	-0-	-0-	**-0-**	-0-	-0-		100
$1.50 Subordinated Cumulative Preferred	5,000,000	**30,017**	30,017	30,017	**900**	900	901		1
		79,580	92,906	93,156	**3,837**	5,026	5,037		
Employees' Subordinated Convertible Preferred	5,000,000	**54,825**	58,328	61,403	**1,645**	1,750	1,842	1.00***	1
Stated Value of Issued Shares					**5,482**	6,776	6,879		
Employees' Preferred Stock Purchase Accounts					**(144)**	(174)	(184)		
Total Non-Redeemable Preferred Stock					**$5,338**	$ 6,602	$ 6,695		

* In order of preference for liquidation and dividends.

** The Company's charter permits the board of directors to issue Subordinated Serial Preferred Stock in as many series, each with as many shares and such rights and preferences as the board may designate.

*** Also convertible into one share of $1.50 Subordinated Cumulative Preferred Stock.

Preferred Stock Transactions

In thousands	Non-Redeemable Preferred Stock	Non-Redeemable Employees' Preferred Stock	Employees' Preferred Stock Purchase Accounts	Total Non-Redeemable Preferred Stock
Balance January 29, 2005	$ 5,772	$ 1,891	$ (189)	$ 7,474
Conversion of Series 4	(723)	-0-	-0-	(723)
Other	(12)	(49)	5	(56)
Balance January 28, 2006	5,037	1,842	(184)	6,695
Other	(11)	(92)	10	(93)
Balance February 3, 2007	5,026	1,750	(174)	6,602
Conversion of Series 3	(533)	-0-	-0-	(533)
Conversion of Series 4	(561)	-0-	-0-	(561)
Other	(95)	(105)	30	(170)
Balance February 2, 2008	**$ 3,837**	**$ 1,645**	**$ (144)**	**$ 5,338**

Subordinated Serial Preferred Stock (Cumulative):

Stated and redemption values for Series 1 are $40 per share and for Series 3 and 4 are each $100 per share plus accumulated dividends; liquidation value for Series 1 is $40 per share plus accumulated dividends and for Series 3 and 4 is $100 per share plus accumulated dividends.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 8
Shareholders' Equity, Continued

The Company's shareholders' rights plan grants to common shareholders the right to purchase, at a specified exercise price, a fraction of a share of subordinated serial preferred stock, Series 6, in the event of an acquisition of, or an announced tender offer for, 15% or more of the Company's outstanding common stock. Upon any such event, each right also entitles the holder (other than the person making such acquisition or tender offer) to purchase, at the exercise price, shares of common stock having a market value of twice the exercise price. In the event the Company is acquired in a transaction in which the Company is not the surviving corporation, each right would entitle its holder to purchase, at the exercise price, shares of the acquiring company having a market value of twice the exercise price. The rights expire in August 2010, are redeemable under certain circumstances for $.01 per right and are subject to exchange for one share of common stock or an equivalent amount of preferred stock at any time after the event which makes the rights exercisable and before a majority of the Company's common stock is acquired.

$1.50 Subordinated Cumulative Preferred Stock:

Stated and liquidation values and redemption price are 88 times the average quarterly per share dividend paid on common stock for the previous eight quarters (if any), but in no event less than $30 per share plus accumulated dividends.

Employees' Subordinated Convertible Preferred Stock:

Stated and liquidation values are 88 times the average quarterly per share dividend paid on common stock for the previous eight quarters (if any), but in no event less than $30 per share.

Common Stock:

Common stock-$1 par value. Authorized: 80,000,000 shares; issued: February 2, 2008 — 23,284,741 shares; February 3, 2007 —23,230,458 shares. There were 488,464 shares held in treasury at February 2, 2008 and February 3, 2007. Each outstanding share is entitled to one vote. At February 2, 2008, common shares were reserved as follows: 114,244 shares for conversion of preferred stock; 1,491,813 shares for the 1996 Stock Incentive Plan; 970,969 shares for the 2005 Stock Incentive Plan; and 328,909 shares for the Genesco Employee Stock Purchase Plan.

For the year ended February 2, 2008, 32,751 shares of common stock were issued for the exercise of stock options at an average weighted market price of $17.83, for a total of $0.6 million; 3,547 shares of common stock were issued as restricted shares as part of the 2005 Equity Incentive Plan; 4,813 shares of common stock were issued for the purchase of shares under the Employee Stock Purchase Plan at an average weighted market price of $43.82, for a total of $0.2 million; 6,761 shares were issued to directors for no consideration; 19,397 shares were withheld for taxes on restricted stock vested in Fiscal 2008; 686 shares of restricted stock were forfeited in Fiscal 2008; and 26,494 shares were issued in miscellaneous conversions of Series 1, Series 3, Series 4, Employees' Subordinated Convertible Preferred Stock and Debentures. The 32,751 options exercised were all fixed stock options (see Note 12).

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 8
Shareholders' Equity, Continued

For the year ended February 3, 2007, 357,423 shares of common stock were issued for the exercise of stock options at an average weighted market price of $18.07, for a total of $6.5 million; 166,769 shares of common stock were issued as restricted shares as part of the 2005 Equity Incentive Plan; 9,787 shares of common stock were issued for the purchase of shares under the Employee Stock Purchase Plan at an average weighted market price of $32.75, for a total of $0.3 million; 19,422 shares were issued to directors for no consideration; 7,948 shares were withheld for taxes on restricted stock vested in Fiscal 2007; 4,011 shares of restricted stock were forfeited in Fiscal 2007; and 3,282 shares were issued in miscellaneous conversions of Series 1 and Employees' Subordinated Convertible Preferred Stock. The 357,423 options exercised were all fixed stock options (see Note 12). In addition, the Company repurchased and retired 1,062,400 shares of common stock at an average weighted market price of $30.20 for a total of $32.1 million.

For the year ended January 28, 2006, 547,350 shares of common stock were issued for the exercise of stock options at an average weighted market price of $16.16, for a total of $8.8 million; 228,594 shares of common stock were issued as restricted shares as part of the 2005 Equity Incentive Plan; 24,978 shares of common stock were issued for the purchase of shares under the Employee Stock Purchase Plan at an average weighted market price of $20.34, for a total of $0.5 million; 8,500 shares were issued to directors for no consideration; and 12,855 shares were issued in miscellaneous conversions of Series 1, Series 4 and Employees' Subordinated Convertible Preferred Stock. The 547,350 options exercised include 510,586 shares of fixed stock options and 36,764 shares of restricted stock (see Note 12).

Restrictions on Dividends and Redemptions of Capital Stock:

The Company's charter provides that no dividends may be paid and no shares of capital stock acquired for value if there are dividend or redemption arrearages on any senior or equally ranked stock. Exchanges of subordinated serial preferred stock for common stock or other stock junior to such exchanged stock are permitted.

The Company's Credit Facility prohibits the payment of dividends and other restricted payments unless after such dividend or restricted payment availability under the Credit Facility exceeds $50.0 million or if availability is between $30.0 million and $50.0 million, the Company's fixed charge coverage must be greater than 1.0 to 1.0. The Company's management does not believe its availability under the Credit Facility will fall below $50.0 million during Fiscal 2009.

The June 24 and June 26, 2003 indentures, under which the Company's 4 1/8% convertible subordinated debentures due 2023 were issued, does not restrict the payment of preferred stock dividends.

Dividends declared for Fiscal 2008 for the Company's Subordinated Serial Preferred Stock, $2.30 Series 1, $4.75 Series 3 and $4.75 Series 4, and the Company's $1.50 Subordinated Cumulative Preferred Stock were $217,000 in the aggregate.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 8
Shareholders' Equity, Continued

Changes in the Shares of the Company's Capital Stock

	Common Stock	Non-Redeemable Preferred Stock	Employees' Preferred Stock
Issued at January 29, 2005	22,925,857	100,709	63,031
Exercise of options	547,350	-0-	-0-
Issue restricted stock	228,594	-0-	-0-
Issue shares — Employee Stock Purchase Plan	24,978	-0-	-0-
Conversion of Series 4 preferred stock	10,985	(7,228)	-0-
Other	10,370	(325)	(1,628)
Issued at January 28, 2006	23,748,134	93,156	61,403
Exercise of options	357,423	-0-	-0-
Issue restricted stock	166,769	-0-	-0-
Issue shares — Employee Stock Purchase Plan	9,787	-0-	-0-
Shares repurchased	(1,062,400)	-0-	-0-
Other	10,745	(250)	(3,075)
Issued at February 3, 2007	23,230,458	92,906	58,328
Exercise of options	32,751	-0-	-0-
Issue restricted stock	3,547	-0-	-0-
Issue shares — Employee Stock Purchase Plan	4,813	-0-	-0-
Conversion of Series 3 preferred stock	11,251	(5,334)	-0-
Conversion of Series 4 preferred stock	8,519	(5,605)	-0-
Other	(6,598)	(2,387)	(3,503)
Issued at February 2, 2008	23,284,741	79,580	54,825
Less shares repurchased and held in treasury	488,464	-0-	-0-
Outstanding at February 2, 2008	**22,796,277**	**79,580**	**54,825**

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Notes to Consolidated Financial Statements

Note 9
Income Taxes

In June 2006, the FASB issued FIN 48. This Interpretation clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." This Interpretation prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured in order to determine the tax benefit to be recognized in the financial statements. FIN 48 is effective in fiscal years beginning after December 15, 2006.

Effective February 4, 2007, the Company adopted the provisions of FIN 48. As a result of the adoption of FIN 48, the Company recognized a $4.3 million increase in the liability for unrecognized tax benefits which, as required, was accounted for as a reduction to the February 4, 2007 balance of retained earnings.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits for the year.

In thousands	2008
Unrecognized Tax Benefit – February 4, 2007	$ 8,175
Gross Decreases – Tax Positions in a Prior Period	(3,370)
Gross Increases – Tax Positions in a Current Period	414
Settlements	(247)
Lapse of Statutes of Limitations	(73)
Unrecognized Tax Benefit – February 2, 2008	$ 4,899

In addition, the following information required by FIN 48 is provided:

- Unrecognized tax benefits were approximately $4.9 million and $8.2 million as of February 2, 2008 and February 4, 2007, respectively. Included in the unrecognized tax benefit balance was $4.9 million of tax positions on both February 2, 2008 and February 4, 2007 which if recognized would impact the annual effective tax rate. The decrease in the unrecognized tax benefit balance from February 4, 2007 to February 2, 2008, was due to the resolution of a state audit and the IRS approving of the Company's filing of an application for change in accounting method. Upon approval, the Company reclassified approximately $3.4 million between unrecognized tax benefits and deferred taxes. The Company believes that it is reasonably possible that an increase of up to $0.4 million in unrecognized tax benefits related to state exposures may be necessary within the coming year. In addition, the Company believes that it is reasonably possible that approximately $0.3 million of its currently remaining unrecognized tax positions, each of which are individually insignificant, may be recognized by the end of Fiscal 2009 as a result of a lapse of the statute of limitations.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 9
Income Taxes, Continued

- The Company recognizes interest expense and penalties related to the above unrecognized tax benefits within income tax expense on the Consolidated Statements of Earnings. Related to the uncertain tax benefits noted above, the Company accrued interest and penalties of approximately $0.5 million and $4,000, respectively, during Fiscal 2008. The Company recognized a liability for accrued interest and penalities of $1.3 million and $0.7 million, respectively, as of February 2, 2008 included in deferred rent and other long-term liabilities on the Consolidated Balance Sheets.
- The Company and its subsidiaries file income tax returns in federal and in many state and local jurisdictions as well as foreign jurisdictions. With a few exceptions, the Company's U.S. federal and state and local income tax returns for tax years 2004 and beyond remain subject to examination. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitation generally ranging from 3 to 6 years.

Income tax expense from continuing operations is comprised of the following:

In thousands	**2008**	2007	2006
Current			
U.S. federal	**$ 30,625**	$ 41,455	$ 38,486
Foreign	**1,351**	1,110	231
State	**4,954**	6,435	6,192
Total Current Income Tax Expense	**36,930**	49,000	44,909
Deferred			
U.S. federal	**(10,732)**	(4,865)	(4,429)
Foreign	**(230)**	(116)	(57)
State	**(1,721)**	(1,148)	(579)
Total Deferred Income Tax Benefit	**(12,683)**	(6,129)	(5,065)
Total Income Tax Expense – Continuing Operations	**$ 24,247**	$ 42,871	$ 39,844

Discontinued operations were recorded net of income tax expense (benefit) of approximately ($1.0) million, ($0.4) million and $38,000 in Fiscal 2008, 2007 and 2006, respectively.

As a result of the exercise of stock options and vesting of restricted stock during Fiscal 2008, 2007 and 2006, the Company realized an additional income tax benefit of approximately $0.7 million, $2.4 million and $3.9 million, respectively. These tax benefits are reflected as an adjustment to either additional paid-in capital or deferred tax asset.

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Notes to Consolidated Financial Statements

Note 9
Income Taxes, Continued

In addition, during Fiscal 2006, the Company also realized a federal income tax benefit of $0.7 million related to stock options exercised as a result of the Hat World acquisition. This benefit was accounted for as a decrease to current taxes payable and a reduction to goodwill.

Deferred tax assets and liabilities are comprised of the following:

In thousands	February 2, 2008	February 3, 2007
Identified intangibles	**$ (20,575)**	$ (21,064)
Convertible bonds	**(7,854)**	(5,841)
Total deferred tax liabilities	**(28,429)**	(26,905)
Options	**1,568**	821
Deferred rent	**6,739**	7,656
Pensions	**1,078**	4,545
Expense accruals	**6,758**	6,409
Uniform capitalization costs	**4,006**	2,819
Book over tax depreciation	**14,296**	6,090
Provisions for discontinued operations and restructurings	**401**	636
Inventory valuation	**5,969**	2,114
Tax net operating loss and credit carryforwards	**1,446**	1,010
Allowances for bad debts and notes	**303**	198
Other	**7,208**	4,566
Deferred tax assets	**49,772**	36,864
Net Deferred Tax Assets	**$ 21,343**	$ 9,959

The deferred tax balances have been classified in the Consolidated Balance Sheets as follows:

	2008	2007
Net current asset	**$ 18,702**	$ 12,940
Net non-current asset*	**2,641**	(2,981)
Net Deferred Tax Assets	**$ 21,343**	$ 9,959

* Included in Deferred rent and other long-term liabilities on the Consolidated Balance Sheets for Fiscal 2007.

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Notes to Consolidated Financial Statements

Note 9
Income Taxes, Continued

Reconciliation of the United States federal statutory rate to the Company's effective tax rate from continuing operations is as follows:

	2008	2007	2006
U. S. federal statutory rate of tax	**35.00%**	35.00%	35.00%
State taxes (net of federal tax benefit)	**6.05**	3.09	3.56
Transaction costs deductible in future periods	**29.74**	.00	.00
Other	**3.28**	.49	.32
Effective Tax Rate	**74.07%**	38.58%	38.88%

The provision for income taxes resulted in an effective tax rate for continuing operations of 74.1% for Fiscal 2008, compared with an effective tax rate of 38.6% for Fiscal 2007. The increase in the effective tax rate for Fiscal 2008 was primarily attributable to non-deductible expenses in Fiscal 2008 incurred in connection with the now terminated merger with The Finish Line and related litigation and the accounting for uncertain tax positions (FIN 48). See Notes 13 and 14 for additional information.

As of February 2, 2008 and February 3, 2007, the Company had a Federal net operating loss carryforward of $1.5 million for each period as a result of an acquisition. Internal Revenue Code Section 382 imposes limitations due to ownership changes.

As of February 2, 2008, February 3, 2007 and January 28, 2006, the Company had state net operating loss carryforwards of $5.8 million, $5.7 million and $6.4 million, respectively, expiring in tax years 2010 through 2027.

As of February 2, 2008, February 3, 2007 and January 28, 2006, the Company had state tax credits of $0.0 million, $0.3 million and $0.3 million, respectively. These credits expire in tax years 2006 through 2021.

As of February 2, 2008 and February 3, 2007, the Company had foreign tax credits of $0.7 million and $0.2 million, respectively. These credits will expire in tax year 2017.

Management believes a valuation allowance is not necessary because it is more likely than not that the Company will ultimately utilize the entire loss carryforwards, credits and other deferred tax assets based on existing carryback ability and expectations as to future taxable income in the jurisdictions in which it operates.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

The Company sponsored a non-contributory, defined benefit pension plan. As of January 1, 1996, the Company amended the plan to change the pension benefit formula to a cash balance formula from the then existing benefit calculation based upon years of service and final average pay. The benefits accrued under the old formula were frozen as of December 31, 1995. Upon retirement, the participant will receive this accrued benefit payable as an annuity. In addition, the participant will receive as a lump sum (or annuity if desired) the amount credited to the participant's cash balance account under the new formula. Effective January 1, 2005, the Company froze the defined benefit cash balance plan which prevents any new entrants into the plan as of that date as well as effects the amounts credited to the participants' accounts as discussed below.

Under the cash balance formula, beginning January 1, 1996, the Company credited each participants' account annually with an amount equal to 4% of the participant's compensation plus 4% of the participant's compensation in excess of the Social Security taxable wage base. Beginning December 31, 1996 and annually thereafter, the account balance of each active participant was credited with 7% interest calculated on the sum of the balance as of the beginning of the plan year and 50% of the amounts credited to the account, other than interest, for the plan year. The account balance of each participant who was inactive would be credited with interest at the lesser of 7% or the 30 year Treasury rate. Under the frozen plan, each participants' cash balance plan account will be credited annually only with interest at the 30 year Treasury rate, not to exceed 7%, until the participant retires. The amount credited each year will be based on the rate at the end of the prior year.

Other Postretirement Benefit Plans

The Company provides health care benefits for early retirees and life insurance benefits for certain retirees not covered by collective bargaining agreements. Under the health care plan, early retirees are eligible for limited benefits until age 65. Employees who meet certain requirements are eligible for life insurance benefits upon retirement. The Company accrues such benefits during the period in which the employee renders service.

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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Obligations and Funded Status

Change in Benefit Obligation

In thousands	Pension Benefits 2008	Pension Benefits 2007	Other Benefits 2008	Other Benefits 2007
Benefit obligation at beginning of year	**$ 117,279**	$ 121,943	**$ 3,951**	$ 3,927
Service cost	**250**	250	**123**	216
Interest cost	**6,451**	6,423	**159**	200
Plan amendments	**-0-**	51	**-0-**	-0-
Plan participants' contributions	**-0-**	-0-	**144**	158
Benefits paid	**(8,792)**	(9,246)	**(339)**	(351)
Actuarial (gain) or loss	**(1,198)**	(2,142)	**(965)**	(199)
Benefit Obligation at End of Year	**$ 113,990**	$ 117,279	**$ 3,073**	$ 3,951

Change in Plan Assets

In thousands	Pension Benefits 2008	Pension Benefits 2007	Other Benefits 2008	Other Benefits 2007
Fair value of plan assets at beginning of year	**$ 102,973**	$ 98,721	**$ -0-**	$ -0-
Actual gain on plan assets	**9,237**	9,498	**-0-**	-0-
Employer contributions	**4,000**	4,000	**195**	193
Plan participants' contributions	**-0-**	-0-	**144**	158
Benefits paid	**(8,792)**	(9,246)	**(339)**	(351)
Fair Value of Plan Assets at End of Year	**$ 107,418**	$ 102,973	**-0-**	$ -0-
Funded Status at End of Year	**$ 6,572**	$ 14,306	**$ 3,073**	$ 3,951

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Amounts recognized in the Consolidated Balance Sheets consist of:

	Pension Benefits		Other Benefits	
In thousands	**2008**	2007	**2008**	2007
Noncurrent assets	**$ -0-**	$ -0-	**$ -0-**	$ -0-
Current liabilities	**-0-**	-0-	**291**	280
Noncurrent liabilities	**6,572**	14,306	**2,782**	3,671
Net Amount Recognized	**$ 6,572**	$ 14,306	**$ 3,073**	$ 3,951

Amounts recognized in accumulated other comprehensive income consist of:

	Pension Benefits		Other Benefits	
In thousands	**2008**	2007	**2008**	2007
Prior service cost	**$ 42**	$ 51	**$ -0-**	$ -0-
Net loss	**27,549**	34,377	**259**	1,317
Total Recognized in Accumulated Other Comprehensive (Income) Loss	**$ 27,591**	$ 34,428	**$ 259**	$ 1,317

Pension Benefits	December 31	
	2007	2006
In thousands		
Projected benefit obligation	**$ 113,990**	$ 117,279
Accumulated benefit obligation	**113,990**	117,279
Fair value of plan assets	**107,418**	102,973

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Components of Net Periodic Benefit Cost

Net Periodic Benefit Cost

	Pension Benefits			Other Benefits		
In thousands	**2008**	2007	2006	**2008**	2007	2006
Service cost	**$ 250**	$ 250	$ 250	**$ 123**	$ 216	$ 205
Interest cost	**6,451**	6,423	6,639	**159**	200	197
Expected return on plan assets	**(8,024)**	(7,779)	(7,702)	**-0-**	-0-	-0-
Amortization:						
Prior service cost	**8**	-0-	-0-	**-0-**	-0-	-0-
Losses	**4,418**	4,480	4,502	**93**	87	83
Net amortization	**4,426**	4,480	4,502	**93**	87	83
Net Periodic Benefit Cost	**$ 3,103**	$ 3,374	$ 3,689	**$ 375**	$ 503	$ 485

Reconciliation of Accumulated Other Comprehensive Income

In thousands	Pension Benefits **2008**	Other Benefits **2008**
Net gain	**$ (2,411)**	**$ (93)**
Amortization of prior service cost (credit)	**(8)**	**-0-**
Amortization of net actuarial loss	**(4,418)**	**(965)**
Total Recognized in Other Comprehensive Income	**$ (6,837)**	**$ (1,058)**
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	**$ (3,734)**	**$ (683)**

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $3.3 million and $8,000, respectively. The estimated net loss for the other postretirement benefit plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $0.1 million.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Weighted-average assumptions used to determine benefit obligations

	Pension Benefits		Other Benefits	
	2008	2007	**2008**	2007
Discount rate	**5.875%**	5.75%	**5.875%**	5.75%
Rate of compensation increase	**NA**	NA	**—**	—
Measurement date	**12-31-2007**	12-31-2006	**2-2-2008**	2-3-2007

Weighted-average assumptions used to determine net periodic benefit costs

	Pension Benefits			Other Benefits		
	2008	2007	2006	**2008**	2007	2006
Discount rate	**5.75%**	5.50%	5.75%	**5.75%**	5.50%	5.75%
Expected long-term rate of return on plan assets	**8.25%**	8.25%	8.25%	**—**	—	—
Rate of compensation increase	**NA**	NA	NA	**—**	—	—

The weighted average discount rate used to measure the benefit obligation for the pension plan increased from 5.75% to 5.875% from Fiscal 2007 to Fiscal 2008. The increase in the rate decreased the accumulated benefit obligation by $1.3 million and decreased the projected benefit obligation by $1.3 million. The weighted average discount rate used to measure the benefit obligation for the pension plan increased from 5.50% to 5.75% from Fiscal 2006 to Fiscal 2007. The increase in the rate decreased the accumulated benefit obligation by $3.1 million and decreased the projected benefit obligation by $3.1 million.

To develop the expected long-term rate of return on assets assumption, the Company considered historical asset returns, the current asset allocation and future expectations. Considering this information, the Company selected an 8.25% long-term rate of return on assets assumption.

Assumed health care cost trend rates at December 31

	2008	2007
Health care cost trend rate assumed for next year	**9%**	9%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5%**	5%
Year that the rate reaches the ultimate trend rate	**2012**	2011

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

The effect on disclosed information of one percentage point change in the assumed health care cost trend rate for each future year is shown below.

(In thousands)	1% Increase in Rates	1% Decrease in Rates
Aggregated service and interest cost	$ 48	$ 31
Accumulated postretirement benefit obligation	$ 298	$ 251

Plan Assets

The Company's pension plan weighted average asset allocations as of December 31, 2007, and 2006, by asset category are as follows:

	Plan Assets at December 31	
	2007	2006
Asset Category		
Equity securities	**63%**	65%
Debt securities	**36%**	34%
Other	**1%**	1%
Total	**100%**	100%

The investment strategy of the trust is to ensure over the long-term an asset pool, that when combined with company contributions, will support benefit obligations to participants, retirees and beneficiaries. Investment management responsibilities of plan assets are delegated to outside investment advisers and overseen by an Investment Committee comprised of members of the Company's senior management that is appointed by the Board of Directors. The Company has an investment policy that provides direction on the implementation of this strategy.

The investment policy establishes a target allocation for each asset class and investment manager. The actual asset allocation versus the established target is reviewed at least quarterly and is maintained within a +/- 5% range of the target asset allocation. Target allocations are 50% domestic equity, 13% international equity, 35% fixed income and 2% cash investments.

All investments are made solely in the interest of the participants and beneficiaries for the exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the expenses related to administering the Trust as determined by the Investment Committee. All assets shall be properly diversified to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

The Committee utilizes an outside investment consultant and a team of investment managers to implement its various investment strategies. Performance of the managers is reviewed quarterly and the investment objectives are consistently evaluated.

At February 2, 2008 and February 3, 2007, there were no Company related assets in the plan.

Cash Flows

Contributions

There was no ERISA cash requirement for the plan in 2007 and none is projected to be required in 2008. However, the Company's current cash policy is to fund the cost of benefits accruing each year (the "normal cost") plus an amortization of the unfunded accrued liability. The Company made a $4.0 million contribution in March 2008.

Estimated Future Benefit Payments

Expected benefit payments from the trust, including future service and pay, are as follows:

Estimated future payments	Pension Benefits ($in millions)	Other benefits ($in millions)
2008	$ 10.0	$ 0.3
2009	9.6	0.3
2010	9.2	0.3
2011	9.1	0.3
2012	8.8	0.2
2013 — 2016	41.6	1.0

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Note 10
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Section 401(k) Savings Plan

The Company has a Section 401(k) Savings Plan available to employees who have completed one full year of service and are age 21 or older.

Concurrent with the January 1, 1996 amendment to the pension plan (discussed previously), the Company amended the 401(k) savings plan to make matching contributions equal to 50% of each employee's contribution of up to 5% of salary. Concurrent with freezing the defined benefit pension plan effective January 1, 2005, the Company amended the 401(k) savings plan to make matching contributions. Beginning January 1, 2005, the Company will match 100% of each employee's contribution of up to 3% of salary and 50% of the next 2% of salary. In addition, for those employees hired before December 31, 2004, who were eligible for the Company's cash balance retirement plan before it was frozen, the Company will make an additional contribution of 2 1/2 % of salary to each employee's account. Company funds contributed prior to 2002 are not vested until a participant has completed five years of service. For matching contributions made in calendar 2002-2004, participants are vested in the matching contribution of their accounts on a graduated basis of 25% a year beginning after two years of service. Full vesting occurs after five years of service. In calendar 2005 and future years, participants are vested immediately in the matching contribution of their accounts. The contribution expense to the Company for the matching program was approximately $3.0 million for Fiscal 2008 and $3.6 million for both Fiscal 2007 and Fiscal 2006.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 11
Earnings Per Share

(In thousands, except per share amounts)	For the Year Ended February 2, 2008 Income (Numerator)	Shares (Denominator)	Per-Share Amount	For the Year Ended February 3, 2007 Income (Numerator)	Shares (Denominator)	Per-Share Amount	For the Year Ended January 28, 2006 Income (Numerator)	Shares (Denominator)	Per-Share Amount
Earnings from continuing operations	**$ 8,488**			$ 68,247			$ 62,626		
Less: Preferred stock dividends	**(217)**			(256)			(273)		
Basic EPS									
Income available to common shareholders	**8,271**	**22,441**	**$ 0.37**	67,991	22,646	$ 3.00	62,353	22,804	$ 2.73
Effect of Dilutive Securities									
Options		**486**			396			463	
Convertible preferred stock(1)	**-0-**	**-0-**		167	67		84	37	
4 1/8% Convertible Subordinated Debentures(2)	**-0-**	**-0-**		2,415	3,899		2,467	3,899	
Employees' preferred stock(3)		**57**			60			62	
Diluted EPS									
Income available to common shareholders plus assumed conversions	**$ 8,271**	**22,984**	**$ 0.36**	$ 70,573	27,068	$ 2.61	$ 64,904	27,265	$ 2.38

(1) The amount of the dividend on the convertible preferred stock per common share obtainable on conversion of the convertible preferred stock is higher than basic earnings per share for Series 4 for all periods presented, Series 3 for Fiscal 2008 and Series 1 for Fiscal 2006 and 2008. Therefore, conversion of Series 4 convertible preferred stock is not reflected in diluted earnings per share for all periods presented, Series 3 in Fiscal 2008 and Series 1 in Fiscal 2006 and 2008, because it would have been antidilutive. The amount of the dividend on Series 3 convertible preferred stock per common share obtainable on conversion of the convertible preferred stock was less than basic earnings per share for Fiscal 2006 and 2007. Therefore, conversion of Series 3 preferred shares were included in diluted earnings per share for Fiscal 2006 and 2007. The amount of the dividend on Series 1 convertible preferred stock per common share obtainable on conversion of the convertible preferred stock was less than basic earnings per share for Fiscal 2007. Therefore, conversion of Series 1 preferred shares were included in diluted earnings per share for Fiscal 2007. The shares convertible to common stock for Series 1, 3 and 4 preferred stock would have been 28,047 and 25,949 and 5,423, respectively, as of February 2, 2008.

(2) The amount of the interest on the convertible subordinated debentures for Fiscal 2008 per common share obtainable on conversion is higher than basic earnings per share, therefore the convertible debentures are not reflected in diluted earnings per share because it is antidilutive.

(3) The Company's Employees' Subordinated Convertible Preferred Stock is convertible one for one to the Company's common stock. Because there are no dividends paid on this stock, these shares are assumed to be converted.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 11
Earnings Per Share, Continued

Options to purchase 74,918 shares of common stock at $36.40 per share, 2,378 shares of common stock at $40.05 per share, 108,509 shares of common stock at $38.14 per share, 951 shares of common stock at $37.41 per share and 2,351 shares of common stock at $42.82 per share were outstanding at the end of Fiscal 2008 but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

Options to purchase 75,459 shares of common stock at $36.40 per share, 2,378 shares of common stock at $40.05 per share, 109,681 shares of common stock at $38.14 per share and 951 shares of common stock at $37.41 per share were outstanding at the end of Fiscal 2007 but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

Options to purchase 2,378 shares of common stock at $40.05 per share were outstanding at the end of Fiscal 2006 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

The weighted shares outstanding reflects the effect of stock buy back programs. In a series of authorizations from Fiscal 1999-2003, the Company's board of directors authorized the repurchase of up to 7.5 million shares. In June 2006, the board authorized an additional $20.0 million in stock repurchases. In August 2006, the board authorized an additional $30.0 million in stock repurchases. The Company repurchased 1,062,400 shares at a cost of $32.1 million during Fiscal 2007. The Company did not repurchase any shares during Fiscal 2008. In total, the Company has repurchased 8.2 million shares at a cost of $103.4 million from all authorizations as of February 2, 2008. In March 2008, the board authorized up to $100.0 million in stock repurchases primarily funded with the after-tax cash proceeds of the settlement of merger-related litigation with The Finish Line and its investment bankers (see Notes 13 and 14).

Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans

The Company's stock-based compensation plans, as of February 2, 2008, are described below. Prior to January 29, 2006, the Company accounted for these plans under the recognition and measurement provisions of APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by SFAS No. 123.

Effective January 29, 2006, the Company adopted SFAS No. 123(R), using the modified prospective transition method. Under the modified prospective transition method, compensation cost recognized for Fiscal 2007 includes (i) compensation cost for all share-based payments granted prior to, but not yet vested as of January 29, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123; and (ii) compensation cost for all share-based payments granted on or after January 29, 2006, based on the grant date fair value estimated in accordance with SFAS No. 123(R). In accordance with the modified prospective method, the Company has not restated prior period results.

Stock Incentive Plans

The Company has two fixed stock incentive plans. Under the 2005 Equity Incentive Plan (the "2005 Plan"), effective as of June 23, 2005, the Company may grant options, restricted shares and other stock-based awards to its employees and consultants as well as directors for up to 1.0 million shares of common stock. Under the 1996 Stock Incentive Plan (the "1996 Plan"), the Company could grant options to its officers and other key employees of and consultants to the Company as well as directors for up to 4.4 million shares of common stock. There will be no future awards under the 1996 Stock Incentive Plan. Under both plans, the exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is 10 years. Options granted under both plans vest 25% per year.

For Fiscal 2008 and 2007, the Company recognized share-based compensation cost of $3.2 million and $4.1 million, respectively, for its fixed stock incentive plans included in selling and administrative expenses in the accompanying Consolidated Statements of Earnings. The Company also recognized a total income tax benefit for share-based compensation arrangements of $0.7 million and $2.4 million for Fiscal 2008 and 2007, respectively. The Company did not capitalize any share-based compensation cost.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans, Continued

The following table illustrates the effect on net earnings per common share as if the Company had applied the fair value recognition provisions of SFAS No. 123 for Fiscal 2006:

(In thousands, except per share amounts)	Fiscal Year 2006
Net earnings, as reported	$ 62,686
Add: stock-based employee compensation expense included in reported net earnings, net of related tax effects	648
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(3,699)
Pro forma net earnings	$ 59,635
Earnings per share:	
Basic — as reported	$ 2.74
Basic — pro forma	$ 2.60
Diluted — as reported	$ 2.38
Diluted — pro forma	$ 2.27

Prior to adopting SFAS No. 123(R), the Company presented the tax benefit of stock option exercises as operating cash flows. SFAS No. 123(R) requires that the cash flows resulting from tax benefits for tax deductions in excess of the compensation cost recognized for those options (excess tax benefit) be classified as financing cash flows. Accordingly, the Company classified excess tax benefits of $0.7 million and $2.4 million as financing cash inflows rather than as operating cash inflows on its Consolidated Statement of Cash Flows for Fiscal 2008 and 2007, respectively.

SFAS No. 123(R) also requires companies to calculate an initial “pool” of excess tax benefits available at the adoption date to absorb any unused deferred tax assets that may be recognized under SFAS No. 123(R). The Company elected to calculate the pool of excess tax benefits under the alternative transition method described in FASB Staff Position (“FSP”) No. 123(R)-3, “Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards,” which also specifies the method the Company must use to calculate excess tax benefits reported on the Consolidated Statements of Cash Flows.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans, Continued

The Company granted 2,351 shares, 110,632 shares and 80,973 shares of fixed stock options in Fiscal 2008, 2007 and 2006, respectively. For Fiscal 2008, the Company estimated the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The Company based expected volatility on historical term structures. The Company based the risk free rate on an interest rate for a bond with a maturity commensurate with the expected term estimate. The Company estimated the expected term of stock options using historical exercise and employee termination experience. The Company does not currently pay a dividend. The following table shows the weighted average assumptions used to develop the fair value estimates for Fiscal 2008, 2007 and 2006:

	Fiscal Years		
	2008	2007	2006
Volatility	**35.3%**	42.4%	41.5%
Risk Free Rate	**4.7%**	4.6%	4.4%
Expected Term (years)	**4.7**	4.8	5.2
Dividend yields	**0.0%**	0.0%	0.0%

A summary of fixed stock option activity and changes for Fiscal 2008, 2007 and 2006 is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)(1)
Outstanding, January 29, 2005	1,894,099	$18.70		
Granted	80,973	36.51		
Exercised	(510,586)	15.36		
Forfeited	-0-	—		
Outstanding at January 28, 2006	1,464,486	$20.84		
Granted	110,632	38.13		
Exercised	(357,423)	18.07		
Forfeited	(56,909)	22.68		
Outstanding, February 3, 2007	1,160,786	$23.25		
Granted	**2,351**	**42.82**		
Exercised	**(32,751)**	**17.83**		
Forfeited	**(712)**	**38.14**		
Outstanding, February 2, 2008	**1,129,674**	**$23.44**	**6.09**	**$12,104**
Exercisable, February 2, 2008	**880,425**	**$21.26**	**5.67**	**$11,001**

(1) Based upon the difference between the closing market price of the Company’s common stock on the last trading day of the year and the grant price of in-the-money options.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans, Continued

The total intrinsic value, which represents the difference between the underlying stock's market price and the option's exercise price, of options exercised during Fiscal 2008, 2007 and 2006 was $0.9 million, $7.3 million and $10.1 million, respectively.

A summary of the status of the Company's nonvested shares of its fixed stock incentive plans as of February 2, 2008, are presented below:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at February 3, 2007	520,474	$ 14.38
Granted	2,351	16.28
Vested	(272,864)	13.41
Forfeited	(712)	13.69
Nonvested at February 2, 2008	249,249	$ 15.45

As of February 2, 2008 there were $2.4 million of total unrecognized compensation costs related to nonvested share-based compensation arrangements granted under the stock incentive plans discussed above. That cost is expected to be recognized over a weighted average period of 1.26 years.

Cash received from option exercises under all share-based payment arrangements for Fiscal 2008, 2007 and 2006 was $0.6 million, $6.5 million and $7.8 million, respectively. The actual tax benefit realized for the tax deductions from option exercise of the share-based payment arrangements totaled $0.7 million, $2.4 million and $3.9 million for the Fiscal 2008, 2007 and 2006, respectively.

Restricted Stock Incentive Plans

Director Restricted Stock

The 1996 Plan provided for an automatic grant of restricted stock to non-employee directors on the date of the annual meeting of shareholders at which an outside director is first elected. The outside director restricted stock so granted was to vest with respect to one-third of the shares each year as long as the director is still serving as a director. Once the shares have vested, the director is restricted from selling, transferring, pledging or assigning the shares for an additional two years. The 2005 Plan includes no automatic grant provisions, but permits the board of directors to make awards to non-employee directors. The board granted restricted stock pursuant to the terms of the 2005 Plan to two new non-employee directors in Fiscal 2006 on substantially the same terms as the automatic awards under the 1996 Plan, except that transfer restrictions are to lapse after three years. There were no shares issued in Fiscal 2008 and 2007. There were 1,370 shares of restricted stock issued to directors for Fiscal 2006.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans, Continued

In addition, under the 1996 Plan an outside director could elect irrevocably to receive all or a specified portion of his annual retainers for board membership and any committee chairmanship for the following fiscal year in a number of shares of restricted stock (the "Retainer Stock"). Shares of the Retainer Stock were granted as of the first business day of the fiscal year as to which the election is effective, subject to forfeiture to the extent not earned upon the outside director's ceasing to serve as a director or committee chairman during such fiscal year. Once the shares were earned, the director was restricted from selling, transferring, pledging or assigning the shares for an additional four years. Under the 2005 Plan, Retainer Stock awards were made during Fiscal 2008, 2007 and 2006 on substantially the same terms as the grants under the 1996 Plan, except that transfer restrictions are to lapse three years from the date of grant. For Fiscal 2008, 2007 and 2006, the Company issued 6,761 shares, 3,022 shares and 2,465 shares, respectively, of Retainer Stock.

Also pursuant to the 1996 Plan, annually on the date of the annual meeting of shareholders, beginning in Fiscal 2004, each outside director received restricted stock valued at $44,000 based on the average of stock prices for the first five days in the month of the annual meeting of shareholders. For Fiscal 2007, each outside director received restricted stock pursuant to the terms of the 2005 Plan valued at $60,000 based on the average of stock prices for the first five days in the month of the annual meeting of shareholders. The outside director restricted stock vests with respect to one-third of the shares each year as long as the director is still serving as a director. Once the shares vest, the director is restricted from selling, transferring, pledging or assigning the shares for an additional two years. There were no shares of director restricted stock issued for Fiscal 2008. For Fiscal 2007 and 2006, the Company issued 16,400 shares and 8,855 shares, respectively, of director restricted stock.

For Fiscal 2008, 2007 and 2006, the Company recognized $0.6 million, $0.5 million and $0.3 million, respectively, of director restricted stock related share-based compensation in selling and administrative expenses in the accompanying Consolidated Statements of Earnings.

Employee Restricted Stock

On April 24, 2002, the Company issued 36,764 shares of restricted stock to the President and CEO of the Company under the 1996 Plan. Pursuant to the terms of the grant, these shares vested on April 23, 2005, provided that on such date the grantee remained continuously employed by the Company since the date of the agreement. Compensation cost recognized in selling and administrative expenses in the accompanying Consolidated Statements of Earnings for these shares was $0.1 million for Fiscal 2006. The 36,764 shares were issued in April 2005.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans, Continued

Under the 2005 Plan, the Company issued 3,547 shares and 166,769 shares of employee restricted stock in Fiscal 2008 and 2007, respectively. These shares vest 25% per year over four years, provided that on such date the grantee has remained continuously employed by the Company since the date of grant. The Company issued 228,594 shares of employee restricted stock in Fiscal 2006. Of the restricted shares issued in Fiscal 2006, 106,445 shares vest at the end of three years and the remaining shares vest 25% per year over four years, provided that on such date the grantee has remained continuously employed by the Company since the date of grant. The fair value of employee restricted stock is charged against income as compensation cost over the vesting period. Compensation cost recognized in selling and administrative expenses in the accompanying Consolidated Statements of Earnings for these shares was $4.0 million, $2.9 million and $0.6 million for Fiscal 2008, 2007 and 2006, respectively. A summary of the status of the Company's nonvested shares of its employee restricted stock as of February 2, 2008 are presented below:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 29, 2005	—	—
Granted	228,594	$ 36.46
Vested	—	—
Withheld for federal taxes	—	—
Forfeited	—	—
Nonvested at January 28, 2006	228,594	36.46
Granted	166,769	38.13
Vested	(21,607)	36.51
Withheld for federal taxes	(7,948)	36.51
Forfeited	(4,011)	36.40
Nonvested at February 3, 2007	361,797	37.23
Granted	**3,547**	**42.82**
Vested	**(51,720)**	**37.46**
Withheld for federal taxes	**(19,397)**	**37.47**
Forfeited	**(976)**	**38.14**
Nonvested at February 2, 2008	**293,251**	**$ 37.23**

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Notes to Consolidated Financial Statements

Note 12
Share-Based Compensation Plans, Continued

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan, the Company is authorized to issue up to 1.0 million shares of common stock to qualifying full-time employees whose total annual base salary is less than $90,000, effective October 1, 2002. Prior to October 1, 2002, the total annual base salary was limited to $100,000. Under the terms of the Plan, employees could choose each year to have up to 15% of their annual base earnings or $8,500, whichever is lower, withheld to purchase the Company's common stock. The purchase price of the stock was 85% of the closing market price of the stock on either the exercise date or the grant date, whichever was less. The Company's board of directors amended the Company's Employee Stock Purchase Plan effective October 1, 2005 to provide that participants may acquire shares under the Plan at a 5% discount from fair market value on the last day of the Plan year. Employees can choose each year to have up to 15% of their annual base earnings or $9,500, whichever is lower, withheld to purchase the Company's common stock. Under SFAS No. 123(R), shares issued under the Plan as amended are non-compensatory. No participant contributions were accepted by the Company under the Plan after September 28, 2007 as a result of the now terminated merger agreement. The merger agreement was terminated in March 2008. A new "short" plan year began April 1, 2008. Under the Plan, the Company sold 4,813 shares, 9,787 shares and 24,978 shares to employees in Fiscal 2008, 2007 and 2006, respectively.

Stock Purchase Plans

Stock purchase accounts arising out of sales to employees prior to 1972 under certain employee stock purchase plans amounted to $144,000 and $174,000 at February 2, 2008 and February 3, 2007, respectively, and were secured at February 2, 2008, by 7,895 employees' preferred shares. Payments on stock purchase accounts under the stock purchase plans have been indefinitely deferred. No further sales under these plans are contemplated.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 13
Terminated Merger Agreement

The Company announced in June 2007 that the boards of directors of both Genesco and The Finish Line, Inc. had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash (the “Proposed Merger”). The Finish Line breached the merger agreement and litigation ensued. The Proposed Merger was terminated in March 2008 in connection with an agreement to settle the litigation with The Finish Line and its investment bankers for a cash payment of $175.0 million to the Company and a 12% equity stake in The Finish Line, which the Company has received. The Company will distribute to its shareholders 6,518,971 shares of Class A Common Stock of The Finish Line, Inc. The Company is required to distribute the shares to its shareholders as soon as practicable once Finish Line registers the shares with the SEC and lists them on NASDAQ. The Company expects to set the record date for the distribution soon after the registration and listing process is complete. During Fiscal 2008, the Company expensed $27.6 million in merger-related costs and litigation expenses. As of March 25, 2008, the Company had expensed an additional $6.1 million of such costs and expenses in the first quarter of Fiscal 2009. The Company believes that most of the $27.6 million in merger-related costs and litigation expenses will be tax deductible in Fiscal 2009. For additional information, see the “Merger-Related Litigation” section in Note 14.

Note 14
Legal Proceedings

Environmental Matters

New York State Environmental Matters

In August 1997, the New York State Department of Environmental Conservation (“NYSDEC”) and the Company entered into a consent order whereby the Company assumed responsibility for conducting a remedial investigation and feasibility study (“RIFS”) and implementing an interim remediate measure (“IRM”) with regard to the site of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969. The Company undertook the IRM and RIFS voluntarily, without admitting liability or accepting responsibility for any future remediation of the site. The Company has concluded the IRM and the RIFS. In the course of preparing the RIFS, the Company identified remedial alternatives with estimated undiscounted costs ranging from $-0- to $24.0 million, excluding amounts previously expended or provided for by the Company, as described in this footnote. The United States Environmental Protection Agency (“EPA”), which has assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision in September 2007. The Record of Decision requires a remedy of a combination of groundwater extraction and treatment and in-site chemical oxidation at an estimated present worth cost of approximately $10.7 million.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

The Village of Garden City, New York, has asserted that the Company is liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical costs ranging from approximately $1.8 million to in excess of $2.5 million, and future operation and maintenance costs which the Village estimates at $126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint against the Company and the owner of the property under provisions of various federal environmental statutes in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it, which the complaint alleges could exceed $41 million over a 70-year period. The Company has not verified the estimates of either historic or future costs asserted by the Village, but believes that an estimate of future costs based on a 70-year remediation period is unreasonable given the expected remedial period reflected in the EPA's Record of Decision.

Because of uncertainty about when the contamination occurred, the short duration of the Company's operations at the site, and the activities of at least one unrelated business operation at the site, among other reasons, the Company has not ascertained what responsibility, if any, it has for any contamination in connection with the facility or what other parties may be liable in that connection and is unable to predict the extent of its liability, if any. The Company's voluntary assumption of certain responsibility to date was based upon its judgment that such action was preferable to litigation to determine its liability, if any for contamination related to the site. The Company intends to continue to evaluate the costs of further voluntary remediation and compromise of the claims asserted by the Village of Garden City compared to the costs and uncertainty of litigation.

In December 2005, the EPA notified the Company that it considers the Company a potentially responsible party ("PRP") with respect to contamination at two Superfund sites in upstate New York. The sites were used as landfills for process wastes generated by a glue manufacturer, which acquired tannery wastes from several tanners, allegedly including the Company's Whitehall tannery, for use as raw materials in the gluemaking process. The Company has no records indicating that it ever provided raw materials to the gluemaking operation and has not been able to establish whether EPA's substantive allegations are accurate. The Company, together with other tannery PRP's, has entered into cost sharing agreements and Consent Decrees with EPA with respect to both sites. Based upon the current estimates of the cost of remediation, the Company's share is expected to be less than $150,000 in total for the two sites. While there is no assurance that the Company's share of the actual cost of remediation will not exceed the estimate, the Company does not presently expect that its aggregate exposure with respect to these two landfill sites will have a material adverse effect on its financial condition or results of operations.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

Whitehall Environmental Matters

The Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's former Volunteer Leather Company facility in Whitehall, Michigan.

The Company has submitted to the Michigan Department of Environmental Quality ("MDEQ") and provided for certain costs associated with a remedial action plan (the "Plan") designed to bring the property into compliance with regulatory standards for non-industrial uses and has subsequently engaged in negotiations regarding the scope of the Plan. The Company estimates that the costs of resolving environmental contingencies related to the Whitehall property range from $4.2 million to $4.8 million, and considers the cost of implementing the Plan, as it is modified in the course of negotiations with MDEQ, to be the most likely cost within that range. Until the Plan is finally approved by MDEQ, management cannot provide assurances that no further remediation will be required or that its estimate of the range of possible costs or of the most likely cost of remediation will prove accurate.

Accrual for Environmental Contingences

Related to all outstanding environmental contingencies, the Company had accrued $7.8 million as of February 2, 2008 and $5.8 million as of February 3, 2007. All such provisions reflect the Company's estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Consolidated Balance Sheets.

Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

Merger-Related Litigation

Genesco Inc. v. The Finish Line, et al.
UBS Securities LLC and UBS Loan Finance LLC v. Genesco Inc., et al.
On June 18, 2007, the Company announced that the boards of directors of Genesco and The Finish Line had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash. On September 21, 2007, the Company filed suit against The Finish Line, Inc. in Chancery Court in Nashville, Tennessee seeking a court order requiring The Finish Line to consummate the merger with the Company (the “Tennessee Action”). On September 28, 2007, The Finish Line filed an answer and counterclaim seeking a declaratory judgment as to whether a “Company Material Adverse Effect” had occurred under the merger agreement. The Finish Line also filed a third-party claim against UBS Securities LLC and UBS Finance LLC (collectively, “UBS”), who provided The Finish Line with a commitment letter with respect to the financing for the merger transaction. On October 10, 2007, The Finish Line voluntarily dismissed its claims against UBS, and UBS filed a Motion to Intervene as a defendant in the case and an answer to the Company’s complaint. On November 13, 2007, the Company amended its complaint to add an alternative claim for damages. On November 15, 2007, The Finish Line filed an answer to the amended complaint asserting that a Company Material Adverse Effect had occurred under the merger agreement and asserting a counterclaim against the Company for intentional or negligent misrepresentation in connection with the merger agreement.

On November 15, 2007, UBS filed an answer to the amended complaint and a counterclaim asserting fraud against the Company. That same day, UBS also filed a separate lawsuit in the United States District Court for the Southern District of New York (the “New York Action”), naming the Company and The Finish Line as defendants. In the New York Action, UBS sought a declaration that its commitment to provide The Finish Line with financing for the merger transaction was void and/or could be terminated by UBS because The Finish Line would not be able to provide, prior to the expiration of the financing commitment on April 30, 2008, a valid solvency certificate attesting to the solvency of the combined entities resulting from the merger, which certificate was a condition precedent to the closing of the financing. The Company was named in the New York Action as an interested party.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

Trial of the Tennessee Action began on December 10, 2007 and concluded on December 18, 2007. On December 27, 2007, the Chancery Court ordered The Finish Line to specifically perform the terms of the Merger Agreement. In its order, the Court rejected UBS's and Finish Line's claims of fraud and misrepresentation and declared that all conditions to the Merger Agreement had been met. The Court also declared that Finish Line had breached the Merger Agreement by not closing the merger. The Court ordered Finish Line to close the merger pursuant to section 1.2 of the Merger Agreement, to use its reasonable best efforts to take all actions to consummate the merger as required by section 6.4(d) of the Merger Agreement, and to use its reasonable best efforts to obtain financing as per section 6.8(a) of the Merger Agreement. The Court excluded from its order any ruling on the issue of the solvency of the combined company, finding that the issue of solvency was reserved for determination by the New York Court in the New York Action filed by UBS.

On January 18, 2008, The Finish Line and UBS each filed a Notice of Appeal and a Motion For Permission For Interlocutory Appeal of the Chancery Court's December 27, 2007 order requiring The Finish Line to specifically perform the terms of the Merger Agreement. On February 13, 2008, the Tennessee Court of Appeals dismissed the Notices of Appeal filed by The Finish Line and UBS on the ground that the Order of the Chancery Court was not a final order. Subsequently, on February 28, 2008, the Court of Appeals also denied The Finish Line's and UBS's Motions For Permission For Interlocutory Appeal.

On February 25, 2008, the Company filed a motion with the Chancery Court for permission to file a second amended complaint alleging claims directly against UBS for procurement of a breach of contract under Tennessee law.

On March 3, 2008, the Company, The Finish Line, and UBS entered into a definitive agreement for the termination of the merger agreement with The Finish Line and the settlement of all related litigation among The Finish Line and the Company and UBS, including the Tennessee Action and the New York Action. Pursuant to the settlement agreement, the parties agreed that: (1) the merger agreement between the Company and The Finish Line would be terminated; (2) the financing commitment from UBS to The Finish Line would be terminated; (3) on or before March 7, 2008, UBS and The Finish Line would pay to the Company an aggregate of $175 million in cash; (4) on or before March 7, 2008, The Finish Line would transfer to the Company a number of Class A shares of The Finish Line common stock equal to 12.0% of the total post-issuance outstanding shares of The Finish Line common stock; (5) the Company and The Finish Line would be subject to a mutual standstill agreement; and (6) the parties would execute customary mutual releases. The cash payment and the Class A shares of The Finish Line common stock have been received by the Company in accordance with the settlement agreement. A Stipulation of Dismissal With Prejudice was filed in the New York Action on March 4, 2008. The parties will also file a Stipulation of Dismissal in the Tennessee Action.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

Investigation by the Office of the U.S. Attorney for the Southern District of New York
On November 21, 2007, the Company received a grand jury subpoena from the Office of the U.S. Attorney for the Southern District of New York for documents relating to the Company's negotiations and merger agreement with The Finish Line. The subpoena states that the documents are sought in connection with alleged violations of federal fraud statutes. The Company is cooperating fully with the U.S. Attorney's Office and producing documents pursuant to the subpoena.

Roeglin v. Genesco Inc., et al.
On December 5, 2007, a class action complaint alleging violations of the federal securities laws on behalf of all purchasers of the Company's common stock between April 20, 2007 and November 26, 2007 was filed against the Company and four of its officers in the U.S. District Court for the Middle District of Tennessee. The complaint alleges that the defendants violated federal securities laws by making false and misleading statements about the Company's business during that period. It seeks unspecified damages and interest, costs and attorneys' fees and other relief. The Company does not believe there is any merit to the allegations and intends to defend these claims vigorously.

Koshti v. Genesco Inc., et al.
On December 13, 2007, a second class action complaint alleging violations of the federal securities laws on behalf of all purchasers of the Company's common stock between April 20, 2007 and November 26, 2007 was filed against the Company and three of its officers in the U.S. District Court for the Middle District of Tennessee. The Complaint alleges that the defendants violated federal securities laws by failing to disclose material adverse facts about the Company's financial well being and prospects during the class period. The complaint seeks unspecified damages and interest, costs and attorneys' fees and other relief. The Company does not believe there is any merit to the allegations and intends to defend these claims vigorously. On January 22, 2008, the U.S. District Court entered a stipulation and Order consolidating the *Koshti* case with the *Roeglin* case.

Falzone v. Genesco Inc., et al.
On December 11, 2007, a class action complaint alleging violations of the federal securities laws on behalf of all purchasers of the Company's common stock between May 31, 2007 and November 16, 2007 was filed against the Company and one of its officers in the U.S. District Court for the Southern District of New York. The complaint alleged that the defendants violated federal securities laws by making false and misleading statements about the Company's business during that period. It sought unspecified damages and interest, costs and attorneys' fees and other relief. On February 5, 2008, the plaintiff filed a Stipulation and Order of Discontinuance Without Prejudice dismissing the case in light of the earlier filed cases in Tennessee.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

Phillips v. Genesco Inc., et al.
On April 24, 2007, a putative class action, Maxine Phillips, on Behalf of Herself and All Others Similarly Situated vs. Genesco Inc., et al., was filed in the Tennessee Chancery Court in Nashville. The original complaint alleged, among other things, that the individual defendants (officers and directors of the Company) refused to consider properly the proposal by Foot Locker, Inc. to acquire the Company. The complaint sought class certification, a declaration that defendants have breached their fiduciary and other duties, an order requiring defendants to implement a process to obtain the highest possible price for shareholders' shares, and an award of costs and attorney's fees. The defendants have not filed a response to the complaint as of the date of this report. Following the execution of the merger agreement with The Finish Line, Inc., the plaintiff filed an amended complaint alleging breach of fiduciary duties by the individual defendants in connection with the board of directors' approval of the merger agreement and the disclosures made in the preliminary proxy statement related to the merger and seeking injunctive relief. The Company and the individual defendants reached an agreement with plaintiff under which the Company agreed to include certain additional disclosures in its definitive proxy statement related to the merger that was filed on August 13, 2007. The parties executed a Memorandum of Understanding to formalize the settlement on September 10, 2007. Under the terms of the Memorandum, the Company agreed to pay $450,000 in attorneys' fees and expenses if the settlement and payment of fees were approved by the Court and certain other conditions, including the consummation of the merger with The Finish Line, were to occur.

California Employment Matter

On November 4, 2005, a former employee gave notice to the California Labor Work Force Development Agency ("LWDA") of a claim against the Company for allegedly failing to provide a payroll check that is negotiable and payable in cash, on demand, without discount, at an established place of business in California, as required by the California Labor Code. On May 18, 2006, the same claimant filed a putative class, representative and private attorney general action alleging the same violations of the Labor Code in the Superior Court of California, Alameda County, seeking statutory penalties, damages, restitution, and injunctive relief. On February 21, 2007, the court granted leave for the plaintiff to file an amended complaint adding the Company's wholly-owned subsidiary, Hat World, Inc., as a defendant. The Company disputes the material allegations of the complaint. The parties have agreed to third-party mediation of the claims in the litigation. If the mediation does not resolve the issues in the litigation, we will continue to defend the matter vigorously.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 14
Legal Proceedings, Continued

Patent Action

The Company is named as a defendant in *Paul Ware and Financial Systems Innovation, L.L.C. v. Abercrombie & Fitch Stores, Inc., et al.*, filed on June 19, 2007, in the United States District Court for the Northern District of Georgia, against more than 100 retailers. The suit alleges that the defendants have infringed U.S. Patent No. 4,707,592 by using a feature of their retail point of sale registers to generate transaction numbers for credit card purchases. The complaint seeks treble damages in an unspecified amount and attorneys' fees. The Company has filed an answer denying the substantive allegations in the complaint and asserting certain affirmative defenses. On December 14, 2007, the Company filed a third-party complaint against Datavantage Corporation and MICROS Systems, Inc., its vendor for the technology at issue in the case, seeking indemnification and defense against the infringement allegations in the complaint. On December 27, 2007, the court stayed proceedings in the litigation pending the outcome of a reexamination of the patent by the U. S. Patent and Trademark Office.

Tennessee Department of Environment and Conservation Inquiry

The Company has received an inquiry from the Tennessee Department of Environment and Conservation concerning waste disposal on the premises of a manufacturing facility operated by the Company more than 25 years ago. The letter of inquiry did not disclose the reason for the inquiry. The Company is gathering information for its response to the inquiry, which is due May 1, 2008.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 15
Business Segment Information

The Company operates five reportable business segments (not including corporate): Journeys Group, comprised of the Journeys, Journeys Kidz and Shi by Journeys retail footwear chains, catalog and e-commerce operations; Underground Station Group, comprised of the Underground Station and Jarman retail footwear chains and e-commerce operations; Hat World Group, comprised of the Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Kids retail headwear chains and e-commerce operations; Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, catalog and e-commerce operations and wholesale distribution; and Licensed Brands, comprised primarily of Dockers® Footwear sourced and marketed under a license from Levi Strauss & Company.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments are based on the way management organizes the segments in order to make operating decisions and assess performance along types of products sold. Journeys Group, Underground Station Group and Hat World Group sell primarily branded products from other companies while Johnston & Murphy Group and Licensed Brands sell primarily the Company's owned and licensed brands.

Corporate assets include cash, deferred income taxes, deferred note expense and corporate fixed assets. The Company charges allocated retail costs of distribution to each segment and unallocated retail costs of distribution to the corporate segment. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, stock compensation, interest expense, interest income, restructuring charges and other, including litigation.

Fiscal 2008

In thousands	Journeys Group	Underground Station Group	Hat World Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	$713,366	$ 124,002	$378,913	$192,487	$ 93,064	$ 645	$1,502,477
Intercompany sales	-0-	-0-	-0-	-0-	(358)	-0-	(358)
Net sales to external customers	$713,366	$ 124,002	$378,913	$192,487	$ 92,706	$ 645	$1,502,119
Segment operating income (loss)	$ 51,097	$ (7,710)	$ 31,987	$ 19,807	$ 10,976	$ (51,294)	$ 54,863
Restructuring and other	-0-	-0-	-0-	-0-	-0-	(9,702)	(9,702)
Earnings (loss) from operations	51,097	(7,710)	31,987	19,807	10,976	(60,996)	45,161
Interest expense	-0-	-0-	-0-	-0-	-0-	(12,570)	(12,570)
Interest income	-0-	-0-	-0-	-0-	-0-	144	144
Earnings (loss) before income taxes from continuing operations	$ 51,097	$ (7,710)	$ 31,987	$ 19,807	$ 10,976	$ (73,422)	$ 32,735
Total assets*	$257,327	$ 45,734	$299,820	$ 71,574	$ 24,774	$105,327	$ 804,556
Depreciation	18,985	4,017	13,277	3,270	80	5,485	45,114
Capital expenditures	41,635	1,701	27,121	6,376	106	3,723	80,662

* Total assets for Hat World Group include $107.6 million goodwill.

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Note 15
Business Segment Information, Continued

Fiscal 2007

In thousands	Journeys Group	Underground Station Group	Hat World Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	$696,889	$ 155,069	$342,641	$186,979	$ 79,158	$ 478	$1,461,214
Intercompany sales	-0-	-0-	-0-	-0-	(736)	-0-	(736)
Net sales to external customers	$696,889	$ 155,069	$342,641	$186,979	$ 78,422	$ 478	$1,460,478
Segment operating income (loss)	$ 83,835	$ 3,844	$ 41,359	$ 15,337	$ 6,777	$(29,002)	$ 122,150
Restructuring and other	-0-	-0-	-0-	-0-	-0-	(1,105)	(1,105)
Earnings (loss) from operations	83,835	3,844	41,359	15,337	6,777	(30,107)	121,045
Interest expense	-0-	-0-	-0-	-0-	-0-	(10,488)	(10,488)
Interest income	-0-	-0-	-0-	-0-	-0-	561	561
Earnings (loss) before income taxes from continuing operations	$ 83,835	$ 3,844	$ 41,359	$ 15,337	$ 6,777	$(40,034)	$ 111,118
Total assets	$204,218	$ 56,385	$282,989	$ 67,732	$ 22,290	$ 95,759	$ 729,373
Depreciation	16,294	4,604	10,705	2,957	62	5,684	40,306
Capital expenditures	33,250	4,723	23,722	6,255	85	5,252	73,287

Fiscal 2006

In thousands	Journeys Group	Underground Station Group	Hat World Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	$593,516	$ 164,054	$297,271	$170,015	$ 59,194	$ 290	$1,284,340
Intercompany sales	-0-	-0-	-0-	-0-	(464)	-0-	(464)
Net sales to external customers	$593,516	$ 164,054	$297,271	$170,015	$ 58,730	$ 290	$1,283,876
Segment operating income (loss)	$ 73,346	$ 10,890	$ 40,133	$ 10,396	$ 4,167	$ (23,852)	$ 115,080
Restructuring and other	-0-	-0-	-0-	-0-	-0-	(2,253)	(2,253)
Earnings (loss) from operations	73,346	10,890	40,133	10,396	4,167	(26,105)	112,827
Interest expense	-0-	-0-	-0-	-0-	-0-	(11,482)	(11,482)
Interest income	-0-	-0-	-0-	-0-	-0-	1,125	1,125
Earnings (loss) before income taxes from continuing operations	$ 73,346	$ 10,890	$ 40,133	$ 10,396	$ 4,167	$ (36,462)	$ 102,470
Total assets	$166,890	$ 57,180	$244,186	$ 60,978	$ 23,207	$133,677	$ 686,118
Depreciation	13,213	4,057	9,173	2,833	47	5,299	34,622
Capital expenditures	24,292	6,913	21,126	2,443	132	2,040	56,946

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Notes to Consolidated Financial Statements

Note 16
Quarterly Financial Information (Unaudited)

(In thousands, except per share amounts)	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Fiscal Year	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007(a)	**2008**	2007(b)
Net sales	**$334,651**	$315,018	**$327,977**	$304,301	**$372,496**	$364,298	**$466,995**	$476,861	**$1,502,119**	$1,460,478
Gross margin	**171,844**	161,369	**163,619**	153,390	**188,051**	181,454	**227,701**	234,622	**751,215**	730,835
Earnings (loss) before income taxes from continuing operations	**3,774(1)**	17,480(2)	**(5,598)(4)**	10,131(6)	**10,297(7)**	26,431(8)	**24,262(10)**	57,076(12)	**32,735**	111,118
Earnings (loss) from continuing operations	**2,203**	10,666	**(2,940)**	5,944	**5,610**	15,975	**3,615**	35,662	**8,488**	68,247
Net earnings (loss)	**2,203**	10,477(3)	**(4,165)(5)**	5,944	**5,600**	15,877(9)	**3,247(11)**	35,348(13)	**6,885**	67,646
Diluted earnings (loss) per common share:										
Continuing operations	**.10**	.41	**(.13)**	.24	**.23**	.62	**.16**	1.36	**.36**	2.61
Net earnings (loss)	**.10**	.40	**(.19)**	.24	**.23**	.62	**.14**	1.35	**.29**	2.59

(1) Includes a net restructuring and other charge of $6.6 million (see Note 3) and a $0.1 million charge for merger-related expenses (see Notes 13 and 14).

(2) Includes a net restructuring and other charge of $0.1 million (see Note 3).

(3) Includes a loss of $0.2 million, net of tax, from discontinued operations (see Note 3).

(4) Includes a net restructuring and other charge of $0.2 million (see Note 3) and a $5.4 million charge for merger-related expenses (see Notes 13 and 14).

(5) Includes a loss of $1.2 million, net of tax, from discontinued operations (see Note 3).

(6) Includes a net restructuring and other charge of $0.5 million (see Note 3).

(7) Includes a net restructuring and other charge of $0.1 million (see Note 3) and a $6.1 million charge for merger-related expenses (see Notes 13 and 14).

(8) Includes a net restructuring and other charge of $1.1 million (see Note 3).

(9) Includes a loss of $0.1 million, net of tax, from discontinued operations (see Note 3).

(10) Includes a net restructuring and other charge of $2.9 million (see Note 3) and a $16.0 million charge for merger-related expenses (see Notes 13 and 14).

(11) Includes a loss of $0.4 million, net of tax, from discontinued operations (see Note 3).

(12) Includes a net restructuring and other credit of $0.6 million (see Note 3).

(13) Includes a loss of $0.3 million, net of tax, from discontinued operations (see Note 3).

(a) 14 week period in Fiscal 2007 and 13 week period in Fiscal 2008.

(b) 53 week period in Fiscal 2007 and 52 week period in Fiscal 2008.

ITEM 9, CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A, CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures.

We have established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors.

Based on their evaluation as of February 2, 2008, the principal executive officer and principal financial officer of the Company have concluded that, the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within time periods specified in SEC rules and forms and (ii) accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Management's report on internal control over financial reporting.

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of February 2, 2008. In making this assessment, management used the criteria set forth in *Internal Control — Integrated Framework* drafted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of February 2, 2008, the Company's internal control over financial reporting is effective based on these criteria.

Ernst & Young LLP, the independent registered public accounting firm who also audited the Company's Consolidated Financial Statements, has issued an attestation report on the Company's internal control over financial reporting which is included herein.

Changes in internal control over financial reporting.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

ITEM 9B, OTHER INFORMATION

Not applicable.

PART III

ITEM 10, DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF THE REGISTRANT

Certain information required by this item is incorporated herein by reference to the sections entitled “Election of Directors,” “Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s definitive proxy statement for its annual meeting of shareholders to be held June 18, 2008 to be filed with the Securities and Exchange Commission. Pursuant to General Instruction G(3), certain information concerning the executive officers of the Company appears under the caption “Executive Officers of the Registrant” in this report following Item 4 of Part I.

The Company has a code of ethics (the “Code of Ethics”) that applies to all of its directors, officers (including its chief executive officer, chief operating officer, chief financial officer and chief accounting officer) and employees. The Company has made the Code of Ethics available and intends to post any legally required amendments to, or waivers of, such Code of Ethics on its website at http://www.genesco.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not a part of this report, and therefore is not incorporated herein by reference.

ITEM 11, EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the sections entitled “Election of Directors — Director Compensation” and “Executive Compensation” in the Company’s definitive proxy statement for its annual meeting of shareholders to be held June 18, 2008 to be filed with the Securities and Exchange Commission.

ITEM 12, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Certain information required by this item is incorporated herein by reference to the section entitled “Security Ownership of Officers, Directors and Principal Shareholders” in the Company’s definitive proxy statement for its annual meeting of shareholders to be held June 18, 2008 to be filed with the Securities and Exchange Commission.

The following table provides certain information as of February 2, 2008 with respect to our equity compensation plans:

EQUITY COMPENSATION PLAN INFORMATION*

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(1)
Equity compensation plans approved by security holders	1,422,925	$ 23.44	1,367,866
Equity compensation plans not approved by security holders	—	—	—
Total	**1,422,925**	**$ 23.44**	**1,367,866**

(1) Such shares may be issued as restricted shares or other forms of stock-based compensation pursuant to our stock incentive plans.

* For additional information concerning our equity compensation plans, see the discussion in Note 1 in the Notes to Consolidated Financial Statements — Summary of Significant Accounting Policies — Share-Based Compensation and Note 12 Share-Based Compensation Plans.

ITEM 13, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the section entitled “Certain Relationships and Related Transactions” and “Election of Directors” in the Company’s definitive proxy statement for its annual meeting of shareholders to be held June 18, 2008 to be filed with the Securities and Exchange Commission.

ITEM 14, PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated herein by reference to the section entitled “Audit Matters” in the Company’s definitive proxy statement for its annual meeting of shareholders to be held June 18, 2008 to be filed with the Securities and Exchange Commission.

PART IV

ITEM 15, EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

The following consolidated financial statements of Genesco Inc. and Subsidiaries are filed as part of this report under Item 8.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets, February 2, 2008 and February 3, 2007

Consolidated Statements of Earnings, each of the three fiscal years ended 2008, 2007 and 2006

Consolidated Statements of Cash Flows, each of the three fiscal years ended 2008, 2007 and 2006

Consolidated Statements of Shareholders' Equity, each of the three fiscal years ended 2008, 2007 and 2006

Notes to Consolidated Financial Statements

Financial Statement Schedules

II — Valuation and Qualifying Accounts, each of the three fiscal years ended 2008, 2007 and 2006

All other schedules are omitted because the required information is either not applicable or is presented in the financial statements or related notes. These schedules begin on page 126.

Exhibits

(2) a. Agreement and Plan of Merger, dated as of February 5, 2004, by and among Genesco Inc., HWC Merger Sub, Inc. and Hat World Corporation. Incorporated by reference to Exhibit (2)a to the current report on Form 8-K filed April 9, 2004 (File No. 1 — 3083).

b. Stock Purchase Agreement, dated December 9, 2006, by and among Hat World, Inc., Hat Shack, Inc. and all the shareholders of Hat Shack, Inc. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed December 12, 2006 (File No. 1-3083).

c. Agreement and Plan of Merger, dated as of June 17, 2007, by and among the Company, The Finish Line, Inc. and Headwind, Inc. Incorporated by reference to Exhibit 2.1 to the current report on Form 8-K filed June 18, 2007 (File No. 1-3083).

(3) a. Amended and Restated Bylaws of Genesco Inc. Incorporated by reference to Exhibit 3.1 to the current report on Form 8-K filed December 19, 2007 (File No. 1-3083).

b. Restated Charter of Genesco Inc., as amended. Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A/A filed with the SEC on May 1, 2003.

(4) a. Amended and Restated Shareholders Rights Agreement dated as of August 28,

2000. Incorporated by reference to Exhibit 4 to the current report on Form 8-K filed August 30, 2000 (File No. 1-3083).

b. Indenture, dated as of June 24, 2003, between Genesco Inc. and Bank of New York (including Form of 4.125% Convertible Subordinated Debenture due 2023). Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended August 2, 2003.

c. Registration Rights Agreement, dated as of June 24, 2003, by and among Genesco Inc., Banc of America Securities, LLC, Banc One Capital Markets, Inc., JP Morgan Securities Inc. and Wells Fargo Securities, LLC. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended August 2, 2003.

d. Form of Certificate for the Common Stock. Incorporated by reference to Exhibit 3 to the Company's Registration Statement on Form 8-A/A filed with the SEC on May 1, 2003.

(10) a. Amended and Restated Credit agreement, dated as of December 1, 2006, by and among the Company, certain subsidiaries of the Company party thereto, as other borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed December 5, 2006 (File No. 1-3083).

b. Form of Split-Dollar Insurance Agreement with Executive Officers. Incorporated by reference to Exhibit (10)a to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997.

c. 1996 Stock Incentive Plan Amended and Restated as of October 24, 2007. Form of Option Agreement, incorporated by reference to Exhibit (10)c to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2007.

d. Genesco Inc. 2005 Equity Incentive Plan Amended and Restated as of October 24, 2007.

e. 2009 EVA Incentive Compensation Plan.

f. Amended and Restated EVA Incentive Compensation Plan.

g. Form of Incentive Stock Option Agreement. Incorporated by reference to Exhibit (10)c to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

h. Form of Non-Qualified Stock Option Agreement. Incorporated by reference to Exhibit (10)d to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

i. Form of Restricted Share Award Agreement for Executive Officers. Incorporated by reference to Exhibit (10)e to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

j. Form of Restricted Share Award Agreement for Officers and Employees. Incorporated by reference to Exhibit (10)f to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

k. Form of Indemnification Agreement For Directors. Incorporated by reference to Exhibit (10)m to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993.

l. Supplemental Pension Agreement dated as of October 18, 1988 between the Company and William S. Wire II, as amended January 9, 1993. Incorporated by reference to Exhibit (10)p to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993.

m. Deferred Compensation Trust Agreement dated as of February 27, 1991 between the Company and NationsBank of Tennessee for the benefit of William S. Wire, II, as amended January 9, 1993. Incorporated by reference to Exhibit (10)q to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993.

n. Form of Employment Protection Agreement between the Company and certain executive officers dated as of February 26, 1997. Incorporated by reference to Exhibit (10)p to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997.

o. Trademark License Agreement, dated August 9, 2000, between Levi Strauss & Co. and Genesco Inc. Incorporated by reference to Exhibit (10.1) to the Company's Quarterly Report on Form 10-Q for the quarter ended October 30, 2004.*

p. Amendment No. 1 (Renewal) to Trademark License Agreement, dated October 18, 2004, between Levi Strauss & Co. and Genesco Inc. Incorporated by reference to Exhibit (10.2) to the Company's Quarterly Report on Form 10-Q for the quarter ended October 30, 2004.*

q. Amendment No. 2 (Renewal) to Trademark License Agreement, dated November 1, 2006, between Levi Strauss & Co. and Genesco. Inc. Incorporated by reference to Exhibit (10.1) to the Company's Quarterly Report on Form 10-Q for the quarter ended October 28, 2006.*

r. Genesco Inc. Deferred Income Plan dated as of July 1, 2000. Incorporated by reference to Exhibit (10)p to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005. Amended and Restated Deferred Income Plan dated August 22, 2007.

s. Non-Employee Director and Named Executive Officer Compensation. Incorporated by reference to Exhibit (10)b to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

t. 1996 Employee Stock Purchase Plan. Incorporated by reference to Registration Statement on Form S-8 filed September 14, 1995 (File No. 333-62653).

u. Amended and Restated Genesco Employee Stock Purchase Plan dated August 22, 2007.

v. Settlement Agreement, dated as of March 3, 2008, by and among UBS Securities LLC and UBS Loan Finance LLC, The Finish Line, Inc. and Headwind, Inc. and Genesco Inc. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed March 4, 2008 (File No. 1-3083).

(21) Subsidiaries of the Company.

(23) Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm included on page 124.

(24) Power of Attorney

(31.1) Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(31.2) Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32.1) Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(32.2) Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(99) Financial Statements and Report of Independent Registered Public Accounting Firm with respect to the Genesco Employee Stock Purchase Plan being filed herein in lieu of filing Form 11-K pursuant to Rule 15d-21.

Exhibits (10)b through (10)j, (10)n and (10)r through (10)u are Management Contracts or Compensatory Plans or Arrangements required to be filed as Exhibits to this Form 10-K.

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* Certain information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

A copy of any of the above described exhibits will be furnished to the shareholders upon written request, addressed to Director, Corporate Relations, Genesco Inc., Genesco Park, Room 498, P.O. Box 731, Nashville, Tennessee 37202-0731, accompanied by a check in the amount of $15.00 payable to Genesco Inc.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Registration Nos. 333-94249, 333-62653, 333-08463, 333-104908 and 333-128201) and in the Registration Statement on Form S-3 (Registration Nos. 333-109019) of Genesco Inc. of our reports dated March 31, 2008, with respect to the consolidated financial statements and schedule of Genesco Inc. and Subsidiaries, and the effectiveness of internal control over financial reporting of Genesco Inc., included in this Annual Report (Form 10-K) for the year ended February 2, 2008.

We also consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-62653) pertaining to the Genesco Inc. 1996 Employee Stock Purchase Plan of our report dated March 31, 2008 with respect to the February 2, 2008 financial statements of the Genesco Employee Stock Purchase Plan, which is included as an exhibit to this Form 10-K.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 31, 2008

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/James S. Gulmi
James S. Gulmi
Senior Vice President — Finance
and Chief Financial Officer

Date: April 2, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the second day of April, 2008.

/s/Hal N. Pennington Hal N. Pennington	Chairman and Chief Executive Officer
/s/Robert J. Dennis Robert J. Dennis	President, Chief Operating Officer and a Director
/s/James S. Gulmi James S. Gulmi	Senior Vice President — Finance and Chief Financial Officer (Principal Financial Officer)
/s/Paul D. Williams Paul D. Williams	Vice President and Chief Accounting Officer

Directors:

James S. Beard*	Matthew C. Diamond *
Leonard L. Berry *	Marty G. Dickens *
William F. Blaufuss, Jr.*	Ben T. Harris *
James W. Bradford*	Kathleen Mason *
Robert V. Dale *	William A. Williamson, Jr.*

*By /s/Roger G. Sisson
Roger G. Sisson
Attorney-In-Fact

Genesco Inc.

and Subsidiaries

Financial Statement Schedule

February 2, 2008

Schedule 2

Genesco Inc.
and Subsidiaries
Valuation and Qualifying Accounts

Year Ended February 2, 2008

In Thousands	Beginning Balance	Charged to Profit and Loss	Increases (Decreases)	Ending Balance
Reserves deducted from assets in the balance sheet:				
Allowance for bad debts	$ 490	$ 354	$ (696) (1)	$ 148
Allowance for cash discounts	5	-0-	-0-(2)	5
Allowance for wholesale sales returns	816	-0-	(40) (3)	776
Allowance for customer deductions	84	-0-	(21) (4)	63
Allowance for co-op advertising	515	-0-	260(5)	775
Totals	$ 1,910	$ 354	$ (497)	$ 1,767

Year Ended February 3, 2007

In Thousands	Beginning Balance	Charged to Profit and Loss	Increases (Decreases)	Ending Balance
Reserves deducted from assets in the balance sheet:				
Allowance for bad debts	$ 290	$ 274	$ (74)(1)	$ 490
Allowance for cash discounts	9	-0-	(4) (2)	5
Allowance for wholesale sales returns	754	-0-	62(3)	816
Allowance for customer deductions	76	-0-	8(4)	84
Allowance for co-op advertising	310	-0-	205(5)	515
Totals	$ 1,439	$ 274	$ 197	$ 1,910

Year Ended January 28, 2006

In Thousands	Beginning Balance	Charged to Profit and Loss	Increases (Decreases)	Ending Balance
Reserves deducted from assets in the balance sheet:				
Allowance for bad debts	$ 357	$ 29	$ (96)(1)	$ 290
Allowance for cash discounts	5	-0-	4(2)	9
Allowance for wholesale sales returns	1,144	-0-	(390)(3)	754
Allowance for customer deductions	123	-0-	(47)(4)	76
Allowance for co-op advertising	537	-0-	(227)(5)	310
Totals	$ 2,166	$ 29	$ (756)	$ 1,439

Note: Most subsidiaries and branches charge credit and collection expense directly to profit and loss. Adding such charges of $518 in 2008, $1,000 in 2007 and $4,000 in 2006 to the addition above, the total bad debt expense amounted to $0.4 million in 2008, $0.3 million in 2007 and $33,000 in 2006.

(1) Bad debt charged to reserve.

(2) Adjustment of allowance for estimated discounts to be allowed subsequent to period end on receivables at same date.

(3) Adjustment of allowance for sales returns to be allowed subsequent to period end on receivables at same date.

(4) Adjustment of allowance for customer deductions to be allowed subsequent to period end on receivables at same date.

(5) Adjustment of allowance for estimated co-op advertising to be allowed subsequent to period end on receivables at same date.

Exhibit (10)c.

GENESCO INC.
1996 STOCK INCENTIVE PLAN

AMENDED AND RESTATED
as of October 24, 2007

SECTION 1. Purpose; Definitions.

The purpose of the Genesco Inc. 1996 Stock Incentive Plan (the “Plan”) is to enable Genesco Inc. (the “Corporation”) to attract, retain and reward key employees of and consultants to the Corporation and its Subsidiaries and Affiliates, and directors who are not also employees of the Corporation, and strengthen the mutuality of interests between such key employees, consultants and directors by awarding such key employees, consultants and directors performance-based stock incentives and/or other equity interests or equity-based incentives in the Corporation, as well as performance-based incentives payable in cash. The creation of the Plan shall not diminish or prejudice other compensation programs approved from time to time by the Board.

For purposes of the Plan, the following terms shall be defined as set forth below:

A. “Affiliate” means any entity other than the Corporation and its Subsidiaries that is designated by the Board as a participating employer under the Plan, provided that the Corporation directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity or at least 20% of the ownership interests in such entity.

B. “Board” means the Board of Directors of the Corporation.

C. “Common Stock” means the Corporation’s Common Stock, par value $1.00 per share.

D. “Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

E. “Committee” means the Committee referred to in Section 2 of the Plan.

F. “Corporation” means Genesco Inc., a corporation organized under the laws of the State of Tennessee or any successor corporation.

G. “Disability” means disability as determined under the Corporation’s long-term disability insurance plan, as it may be amended from time to time.

H. “Disinterested Person” shall have the meaning set forth in Rule 16b-3(c)(2)(i) as promulgated by the Securities and Exchange Commission (“Commission”) under the Securities Exchange Act of 1934, as amended, or any successor definition adopted by the Commission.

I. “Early Retirement” means retirement, for purposes of this Plan with the express consent of the Corporation at or before the time of such retirement, from active employment with the Corporation and any Subsidiary or Affiliate prior to age 65, in accordance with any applicable early retirement policy of the Corporation then in effect or as may be approved by the Committee.

J. “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

K. “Fair Market Value” means with respect to the Stock, as of any given date or dates, unless otherwise determined by the Committee in good faith, the reported closing price of a share of such class of Stock on the New York Stock Exchange (“NYSE”) or such other exchange or market as is the principal trading market for such class of Stock, or, if no such sale of a share of such class of Stock is reported on the NYSE or other exchange or principal trading market on such date, the fair market value of a share of such class of Stock as determined by the Committee in good faith.

L. “Incentive Stock Option” means any Stock Option intended to be and designated as an “Incentive Stock Option” within the meaning of Section 422 of the Code.

M. “Non-Qualified Stock Option” means any Stock Option that is not an Incentive Stock Option.

N. “Normal Retirement” means retirement from active employment with the Corporation and any Subsidiary or Affiliate on or after age 65.

O. “Other Stock-Based Award” means an award under Section 8 below that is valued in whole or in part by reference to, or is otherwise based on, Stock.

P. “Outside Director” means a member of the Board who is not an officer or employee of the Corporation or any Subsidiary or Affiliate of the Corporation.

Q. “Outside Director Restricted Stock” shall have the meaning provided in Section 9.

R. “Plan” means this Genesco Inc. 1996 Stock Incentive Plan, as amended from time to time.

S. “Restricted Stock” means an award of shares of Stock that is subject to restrictions under Section 7 below.

T. “Restriction Period” shall have the meaning provided in Section 7.

U. “Retirement” means Normal or Early Retirement.

V. “Stock” means the Common Stock.

W. “Stock Appreciation Right” means the right pursuant to an award granted under Section 6 below to surrender to the Corporation all (or a portion) of a Stock Option in exchange for an amount equal to the difference between (i) the Fair Market Value, as of the date such Stock Option (or such portion thereof) is surrendered, of the shares of Stock covered by such Stock Option (or such portion thereof), subject, where applicable, to the pricing provisions in Section 6(b)(ii), and (ii) the aggregate exercise price of such Stock Option (or such portion thereof).

X. “Stock Option” or “Option” means any option to purchase shares of Stock (including Restricted Stock, if the Committee so determines) granted pursuant to Section 5 below.

Y. “Subsidiary” means any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

In addition, the terms “Change in Control,” “Potential Change in Control” and “Change in Control Price” shall have the meanings set forth, respectively in Sections 10(b), (c) and (d) below and the term “Cause” shall have the meaning set forth in Section 5(j) below.

SECTION 2. Administration.

The Plan shall be administered by a Committee of not less than two Disinterested Persons, who shall be appointed by the Board and who shall serve at the pleasure of the Board. The functions of the Committee specified in the Plan may be exercised by an existing Committee of the Board composed exclusively of Disinterested Persons. The initial Committee shall be the Compensation Committee of the Board.

The Committee shall have authority to grant, pursuant to the terms of the Plan, to officers, other key employees and consultants eligible under Section 4: (i) Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock, and/or (iv) Other Stock-Based Awards.

In particular, the Committee shall have the authority, consistent with the terms of the Plan:

(a) to select the officers and other key employees of and consultants to the Corporation and its Subsidiaries and Affiliates to whom Stock Options, Stock Appreciation Rights, Restricted Stock, and/or Other Stock-Based Awards may from time to time be granted hereunder;

(b) to determine whether and to what extent Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, and/or Other Stock-Based Awards, or any combination thereof, are to be granted hereunder to one or more eligible employees;

(c) to determine the number of shares to be covered by each such award granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, the share price and any restriction or limitation, or any vesting acceleration or waiver of forfeiture restrictions regarding any Stock Option or other award and/or the shares of Stock relating thereto, based in each case on such factors as the Committee shall determine, in its sole discretion); and to amend or waive any such terms and conditions to the extent permitted by Section 11 hereof;

(e) to determine whether and under what circumstances a Stock Option may be settled in cash or Restricted Stock under Section 5(m) instead of Stock;

(f) to determine whether, to what extent and under what circumstances Option grants and/or other awards under the Plan are to be made, and operate, on a tandem basis vis-à-vis other awards under the Plan and/or cash awards made outside of the Plan;

(g) to determine whether, to what extent and under what circumstances Stock and other amounts payable with respect to an award under this Plan shall be deferred either automatically or at the election of the participant (including providing for and determining the amount and

(h) to determine whether to require payment withholding requirements in shares of Stock.

The Committee shall have the authority to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Corporation and Plan participants.

Notwithstanding the foregoing, the Committee shall have no authority to determine the terms or conditions of awards to Outside Directors, which shall be governed solely by Section 9 hereof.

SECTION 3. Shares of Stock Subject to Plan.

The aggregate number of shares of Stock reserved and available for distribution under the Plan shall not exceed 4,400,000 shares. Such shares of Common Stock may consist, in whole or in part, of authorized and unissued shares or of issued shares purchased and held by the Corporation.

If any shares of Stock that have been optioned cease to be subject to a Stock Option, or if any shares of Stock that are subject to any Restricted Stock or Other Stock-Based Award granted hereunder are forfeited prior to the payment of any dividends, if applicable, with respect to such shares of Stock, or any such award otherwise terminates without a payment being made to the participant in the form of Stock, such shares shall again be available for distribution in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, extraordinary cash dividend, Stock dividend, Stock split or other change in corporate structure affecting the Stock, an equitable and proportionate substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price of shares subject to outstanding Options granted under the Plan and in the number of shares subject to other outstanding awards granted under the Plan, provided that the number of shares subject to any award shall always be a whole number. Such adjusted option price shall also be used to determine the amount payable by the Corporation upon the exercise of any Stock Appreciation Right associated with any Stock Option. The maximum number of shares that may be awarded to any participant under Section 4 of this Plan shall be adjusted in the same manner as the number of shares subject to outstanding Options.

SECTION 4. Eligibility.

Officers and other key employees of and consultants to the Corporation and its Subsidiaries and Affiliates (but excluding members of the Committee and any person who serves only as a director, except as otherwise provided in Section 9) who are responsible for or contribute to the management, growth and/or profitability of the business of the Corporation and/or its Subsidiaries and Affiliates are eligible to be granted awards under the Plan. No individual employee, officer or consultant shall receive aggregate awards hereunder amounting to more than 1,000,000 shares, subject to adjustment as provided in Section 3.

SECTION 5. Stock Options.

Stock Options may be granted alone, in addition to or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Non-Qualified Stock Options. Incentive Stock Options may be granted only to individuals who are employees of the Corporation or any Subsidiary of the Corporation.

The Committee shall have the authority to grant to any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights).

Options granted to officers, key employees and consultants under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

(a) *Option Price*. The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant but shall be not less than 100% (or, in the case of any employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of any of its Subsidiaries, not less than 110%) of the Fair Market Value of the Stock at grant, in the case of Incentive Stock Options, and not less than 50% of the Fair Market Value of the Stock at grant, in the case of Non-Qualified Stock Options.

(b) *Option Term*. The term of each Stock Option shall be fixed by the Committee, but no Incentive Stock Option shall be exercisable more than ten years (or, in the case of an employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or any of its Subsidiaries or parent corporations, more than five years) after the date the Option is granted.

(c) *Exercisability*. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at or after grant; provided, however, that except as provided in Section 5(g) and (h) and Section 10, unless otherwise determined by the Committee at or after grant, no Stock Option shall be exercisable prior to the first anniversary date of the granting of the Option. The Committee may provide that a Stock Option shall vest over a period of future service at a rate specified at the time of grant, or that the Stock Option is exercisable only in installments. If the Committee provides, in its sole discretion, that any Stock Option is exercisable only in installments, the Committee may waive such installment exercise provisions at any time at or after grant in whole or in part, based on such factors as the Committee shall determine, in its sole discretion. The Committee may establish performance conditions or other conditions to the exercisability of any Stock Options, as determined by the Committee in its sole discretion, which conditions may be waived by the Committee in its sole discretion.

(d) *Method of Exercise*. Subject to whatever installment exercise restrictions apply under Section 5(c), Stock Options may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Corporation specifying the number of shares to be purchased.

Such notice shall be accompanied by payment in full of the purchase price, either by check, note or such other instrument as the Committee may accept. As determined by the Committee, in its sole discretion, at or (except in the case of an Incentive Stock Option) after grant, payment in full or in part may also be made in the form of unrestricted Stock already owned by the optionee or, in the case of the exercise of a Non-Qualified Stock Option or Restricted Stock, subject to an award hereunder (valued at the Fair Market Value of the Stock on the date the option is exercised, as determined by the Committee). If payment of the exercise price is made in part or in full with Stock, the Committee may award to the employee a new Stock Option to replace the Stock which was surrendered.

If payment of the option exercise price of a Non-Qualified Stock Option is made in whole or in part in the form of Restricted Stock, such Restricted Stock (and any replacement shares relating thereto) shall remain (or be) restricted in accordance with the original terms of the Restricted Stock award in question, and any additional Stock received upon the exercise shall be subject to the same forfeiture restrictions, unless otherwise determined by the Committee, in its sole discretion, at or after grant.

No shares of Stock shall be issued until full payment therefor has been made. An optionee shall generally have the rights to dividends or other rights of a stockholder with respect to shares subject to the Option when the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in Section 13(a).

(e) *Non-Transferability of Options*. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee.

(f) *Bonus for Taxes*. In the case of a Non-Qualified Stock Option, the Committee in its discretion may award at the time of grant or thereafter the right to receive upon exercise of such Stock Option a cash bonus calculated to pay part or all of the federal and state, if any, income tax incurred by the optionee upon such exercise.

(g) *Termination by Death*. Subject to Section 5(k), if an optionee's employment by the Corporation and any Subsidiary or (except in the case of an Incentive Stock Option) Affiliate terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent such option was exercisable at the time of death or (except in the case of an Incentive Stock Option) on such accelerated basis as the Committee may determine at or after grant (or except in the case of an Incentive Stock Option, as may be determined in accordance with procedures established by the Committee) by the legal representative of the estate or by the legatee of the optionee under the will of the optionee, for a period of one year (or such other period as the Committee may specify at or after grant) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(h) *Termination by Reason of Disability*. Subject to Section 5(k), if an optionee's employment by the Corporation and any Subsidiary or (except in the case of an Incentive Stock Option) Affiliate terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination or (except in the case of an Incentive Stock Option) on such accelerated basis as the Committee may determine at or after grant (or, except in the case of an Incentive Stock Option, as may be determined in accordance with procedures established by the Committee), for a period of (i) three years (or such other period as the Committee may specify at or after grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter, in the case of a Non-Qualified Stock Option and (ii) one year from the date of termination of employment or until the expiration of the stated term of such Stock Option, whichever period is shorter, in the case of an Incentive Stock Option; provided however, that, if the optionee dies within the period specified in (i) above (or other such period as the committee shall specify at or after grant), any unexercised Non-Qualified Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of twelve months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is shorter. In the event of termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise period applicable to Incentive Stock Options, but before the expiration of any period that would apply if such Stock Option were a Non-Qualified Stock Option, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(i) *Termination by Reason of Retirement*. Subject to Section 5(k), if an optionee's employment by the Corporation and any Subsidiary or (except in the case of an Incentive Stock Option) Affiliate terminates by reason of Normal or Early Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such Retirement or (except in the case of an Incentive Stock Option) on such accelerated basis as the Committee may determine at or after grant (or, except in the case of an Incentive Stock Option, as may be determined in accordance with procedures established by the Committee), for a period of (i) three years (or such other period as the Committee may specify at or after grant) from the date of such termination of employment or the expiration of the stated term of such Stock Option, whichever period is the shorter, in the case of a Non-Qualified Stock Option and (ii) three months from the date of such termination of employment or the expiration of the stated term of such Stock Option, whichever period is the shorter, in the event of an Incentive Stock Option; provided however, that, if the optionee dies within the period specified in (i) above (or other such period as the Committee shall specify at or after grant), any unexercised Non-Qualified Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of twelve months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is shorter. In the event of termination of employment by reason of Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise period applicable to Incentive Stock Options, but before the expiration of the period that would apply if such Stock Option were a Non-Qualified Stock Option, the option will thereafter be treated as a Non-Qualified Stock Option.

(j) *Other Termination*. Subject to Section 5(k), unless otherwise determined by the Committee (or pursuant to procedures established by the Committee) at or (except in the case of an Incentive Stock Option) after grant, if an optionee's employment by the Corporation and any Subsidiary or (except in the case of an Incentive Stock Option) Affiliate is involuntarily terminated for any reason other than death, Disability or Normal or Early Retirement, the Stock Option shall thereupon terminate, except that such Stock Option may be exercised, to the extent otherwise then exercisable, for the lesser of three months or the balance of such Stock Option's term if the involuntary termination is without Cause. For purposes of this Plan, "Cause" means (i) a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or (ii) a participant's willful misconduct or dishonesty, which is directly and materially harmful to the business or reputation of the Corporation or any Subsidiary or Affiliate. If an optionee voluntarily terminates employment with the Corporation and any Subsidiary or (except in the case of an Incentive Stock Option) Affiliate (except for Disability, Normal or Early Retirement), the Stock Option shall thereupon terminate; provided, however, that the Committee at grant or (except in the case of an Incentive Stock Option) thereafter may extend the exercise period in this situation for the lesser of three months or the balance of such Stock Option's term.

(k) *Incentive Stock Options*. Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the optionee(s) affected, to disqualify any Incentive Stock Option under such Section 422.

No Incentive Stock Option shall be granted to any participant under the Plan if such grant would cause the aggregate Fair Market Value (as of the date the Incentive Stock Option is granted) of the Stock with respect to which all Incentive Stock Options issued after December 31, 1986 are exercisable for the first time by such participant during any calendar year (under all such plans of the Company and any Subsidiary) to exceed $100,000.

To the extent permitted under Section 422 of the Code or the applicable regulations thereunder or any applicable Internal Revenue Service pronouncement:

(i) if (x) a participant's employment is terminated by reason of death, Disability or Retirement and (y) the portion of any Incentive Stock Option that is otherwise exercisable during the post-termination period specified under Section 5(g), (h) or (i), applied without regard to the $100,000 limitation contained in Section 422(d) of the Code, is greater than the portion of such Option that is immediately exercisable as an "Incentive Stock Option" during such post-termination period under Section 422, such excess shall be treated as a Non-Qualified Stock Option; and

(ii) if the exercise of an Incentive Stock Option is accelerated by reason of a Change in Control, any portion of such Option that is not exercisable as an Incentive Stock Option by reason of the $100,000 limitation contained in Section 422(d) of the Code shall be treated as a Non-Qualified Stock Option.

(l) *Buyout Provisions*. The Committee may at any time offer to buy out for a payment in cash, Stock or Restricted Stock an Option previously granted, based on such terms and conditions as the Committee shall establish and communicate to the optionee at the time that such offer is made.

(m) *Settlement Provisions*. If the option agreement so provides at grant or (except in the case of an Incentive Stock Option) is amended after grant and prior to exercise to so provide (with the optionee's consent), the Committee may require that all or part of the shares to be issued with respect to the spread value of an exercised Option take the form of Restricted Stock, which shall be valued on the date of exercise on the basis of the Fair Market Value (as determined by the Committee) of such Restricted Stock determined without regards to the forfeiture restrictions involved.

(n) *Performance and Other Conditions*. The Committee may condition the exercise of any Option upon the attainment of specified performance goals or other factors as the Committee may determine, in its sole discretion. Unless specifically provided in the option agreement, any such conditional Option shall vest immediately prior to its expiration if the conditions to exercise have not theretofore been satisfied. The shares of Common Stock acquired pursuant to any conditional Option shall not be transferable by an Optionee subject to Section 16(a) of the Exchange Act within six months of the date such Option first becomes exercisable.

SECTION 6. Stock Appreciation Rights.

(a) *Grant and Exercise*. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Stock Option.

A Stock Appreciation Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, subject to such provisions as the Committee may specify at grant where a Stock Appreciation Right is granted with respect to less than the full number of shares covered by a related Stock Option.

A Stock Appreciation Right may be exercised by an optionee, subject to Section 6(b), in accordance with the procedures established by the Committee for such purpose. Upon such exercise, the optionee shall be entitled to receive an amount determined in the manner prescribed in Section 6(b). Stock Options relating to exercised Stock Appreciation Rights shall no longer be exercisable to the extent that the related Stock Appreciation Rights have been exercised.

(b) *Terms and Conditions*. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(i) Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5 and this Section 6 of the Plan; provided, however, that any Stock Appreciation Right granted to an optionee subject to Section 16(a) of the Exchange Act subsequent to the grant of the related Stock Option shall not be exercisable during the first six months of its term. The exercise of Stock

Appreciation Rights held by optionees who are subject to Section 16(a) of the Exchange Act shall comply with Rule 16b-3(e) thereunder, to the extent applicable. In particular, such Stock Appreciation Rights shall be exercisable only pursuant to an irrevocable election made at least six months prior to the date of exercise or within the applicable ten business day “window” periods specified in Rule 16b-3(e)(3).

(ii) Upon the exercise of a Stock Appreciation Right, an optionee shall be entitled to receive an amount in cash and/or shares of Stock equal in value to the excess of the Fair Market Value of one share of Stock over the option price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment. When payment is to be made in shares, the number of shares to be paid shall be calculated on the basis of the Fair Market Value of the shares on the date of exercise. When payment is to be made in cash, such amount shall be calculated on the basis of the average of the highest and lowest quoted selling price, regular way, of the Stock on the New York Stock Exchange or such other exchange or market as is the principal trading market for the Stock, or, if no such sale of Stock is reported on such date, the fair market value of the Stock as determined by the Committee in good faith.

(iii) Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Stock Option would be transferable under Section 5(e) of the Plan.

(iv) Upon the exercise of a Stock Appreciation Right, the Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 of the Plan on the number of shares of Stock to be issued under the Plan.

(v) The Committee, in its sole discretion, may also provide that, in the event of a Change in Control and/or a Potential Change in Control, the amount to be paid upon the exercise of a Stock Appreciation Right shall be based on the Change in Control Price, subject to such terms and conditions as the Committee may specify at grant.

(vi) The Committee may condition the exercise of any Stock Appreciation Right upon the attainment of specified performance goals or other factors as the Committee may determine, in its sole discretion. Unless specifically provided in the applicable award agreement, any such conditional Stock Appreciation Right held by a grantee subject to Section 16(a) of the Exchange Act shall not be exercisable until the expiration of six months following the satisfaction of the condition giving rise to such Stock Appreciation Right.

SECTION 7. Restricted Stock.

(a) *Administration.* Shares of Restricted Stock may be issued either alone, in addition to or in tandem with other awards granted under the Plan and/or cash awards made outside the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares of Restricted Stock to be awarded to any person, the price (if any) to be paid by the recipient of Restricted Stock (subject to Section 7(b)), the time or times within which such awards may be subject to forfeiture, and the other terms, restrictions and conditions of the awards in addition to those set forth in Section 7(c).

The Committee may condition the grant of Restricted Stock upon the attainment of specified performance goals or such other factors as the Committee may determine, in its sole discretion.

The provisions of Restricted Stock awards need not be the same with respect to each recipient.

(b) *Awards and Certificates.* The prospective recipient of a Restricted Stock award shall not have any rights with respect to such award, unless and until such recipient has executed an agreement evidencing the award and has delivered a fully executed copy thereof to the Corporation, and has otherwise complied with the applicable terms and conditions of such award.

(i) The purchase price for shares of Restricted Stock shall be established by the Committee and may be zero.

(ii) Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter period as the Committee may specify at grant) after the award date, by executing a Restricted Stock Award Agreement and paying whatever price (if any) is required under Section 7(b)(i).

(iii) Each participant receiving a Restricted Stock award shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such award.

(iv) The Committee shall require that the stock certificates evidencing such shares be held in custody by the Corporation until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock award, the participant shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such award.

(c) *Restrictions and Conditions.* The shares of Restricted Stock awarded pursuant to this Section 7 shall be subject to the following restrictions and conditions:

(i) In accordance with the provisions of this Plan and the award agreement, during a period set by the Committee commencing with the date of such award (the "Restriction Period"), the participant shall not be permitted to sell, transfer, pledge, assign or otherwise encumber shares of Restricted Stock awarded under the Plan. Within these limits, the Committee, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, performance and/or such other factors or criteria as the Committee may determine, in its sole discretion.

(ii) Except as provided in this paragraph (ii) and Section 7(c)(i), the participant shall have, with respect to the shares of Restricted Stock, all of the rights of a stockholder of the Corporation, including the right to vote the shares, and the right to receive any cash dividends. The Committee, in its sole discretion, as determined at the time of award, may permit or require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested, subject to Section 14(e), in additional Restricted Stock to the extent shares are available under Section 3, or otherwise reinvested. Pursuant to Section 3 above, Stock dividends issued with respect to Restricted Stock shall be treated as additional shares of Restricted Stock that are subject to the same restrictions and other terms and conditions that apply to the shares with respect to which such dividends are issued. If the Committee so determines, the award agreement may also impose restrictions on the right to vote and the right to receive dividends.

(iii) Subject to the applicable provisions of the award agreement and this Section 7, upon termination of a participant's employment with the Corporation and any Subsidiary or Affiliate for any reason during the Restriction Period, all shares still subject to restriction will vest, or be forfeited, in accordance with the terms and conditions established by the Committee at or after grant.

(iv) If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, certificates for an appropriate number of unrestricted shares shall be delivered to the participant promptly.

(d) *Minimum Value Provisions.* In order to better ensure that award payments actually reflect the performance of the Corporation and service of the participant, the Committee may provide, in its sole discretion, for a tandem performance-based or other award designed to guarantee a minimum value, payable in cash or Stock to the recipient of a restricted stock award, subject to such performance, future service, deferral and other terms and conditions as may be specified by the Committee.

SECTION 8. Other Stock-Based Awards.

(a) *Administration.* Other Stock-Based Awards, including, without limitation, performance shares, convertible preferred stock, convertible debentures, exchangeable securities and Stock awards or options valued by reference to earnings per share or Subsidiary performance, may be granted either alone or in addition to or in tandem with Stock Options, Stock Appreciation Rights or Restricted Stock granted under the Plan and/or cash awards made outside of the Plan; provided that no such Other Stock-Based Awards may be granted in tandem with Incentive Stock Options if that would cause such Stock Options not to qualify as Incentive Stock Options pursuant to Section 422 of the Code.

Subject to the provisions of the Plan, the Committee shall have authority to determine the persons to whom and the time or times at which such awards shall be made, the number of shares of Stock to be awarded pursuant to such awards, and all other conditions of the awards. The Committee may also provide for the grant of Stock upon the completion of a specified performance period.

The provisions of Other Stock-Based Awards need not be the same with respect to each recipient.

(b) *Terms and Conditions.* Other Stock-Based Awards made pursuant to this Section 8 shall be subject to the following terms and conditions:

(i) Shares subject to awards under this Section 8 and the award agreement referred to in Section 8(b)(v) below, may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(ii) Subject to the provisions of this Plan and the award agreement and unless otherwise determined by the Committee at grant, the recipient of an award under this Section 8 shall be entitled to receive, currently or on a deferred basis, interest or dividends or interest or dividend equivalents with respect to the number of shares covered by the award, as determined at the time of the award by the Committee, in its sole discretion, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Stock or otherwise reinvested.

(iii) Any award under Section 8 and any Stock covered by any such award shall vest or be forfeited to the extent so provided in the award agreement, as determined by the Committee, in its sole discretion.

(iv) In the event of the participant's Retirement, Disability or death, or in cases of special circumstances, the Committee may, in its sole discretion, waive in whole or in part any or all of the remaining limitations imposed hereunder (if any) with respect to any or all of an award under this Section 8.

(v) Each award under this Section 8 shall be confirmed by, and subject to the terms of, an agreement or other instrument by the Corporation and the participant.

(vi) Stock (including securities convertible into Stock) issued on a bonus basis under this Section 8 may be issued for no cash consideration. Stock (including securities convertible into Stock) purchased pursuant to a purchase right awarded under this Section 8 shall be priced at least 85% of the Fair Market Value of the Stock on the date of grant.

SECTION 9. Awards to Outside Directors.

(a) The provisions of this Section 9 shall apply only to awards to Outside Directors in accordance with this Section 9. The Committee shall have no authority to determine the timing, terms or conditions of any award under this Section 9.

(b) On the date of the Annual Meeting of Shareholders at which an Outside Director is elected as an Outside Director for the first time, such Outside Director will receive and on the date of the 1997 Annual Meeting of Shareholders, each Outside Director will receive an automatic grant of restricted stock (together with the shares of restricted stock granted pursuant to Section 9(c), “Outside Directors Restricted Stock”) pursuant to this Section 9 in a number of shares of stock which will be determined by dividing:

(i) $15,000 by

(ii) the average of the daily closing prices of the Stock for the first five (5) trading days of the month in which the Annual Meeting is held (as reported in The Wall Street Journal), rounding up or down any fractional share of Stock to the nearest whole share (the “Outside Director Restricted Stock Value Denominator”).

(c) On the date of each Annual Meeting of Shareholders beginning in 2003, each Outside Director will receive an automatic grant of restricted stock (together with the shares of restricted stock granted pursuant to Section 9(b), “Outside Director Restricted Stock”) in a number of shares of stock which will be determined by dividing $44,000 by the Outside Director Restricted Stock Value Denominator.

(d) The Outside Director Restricted Stock shall vest as follows:

(i) At the first Annual Meeting of Shareholders following the Annual Meeting at which the Outside Director Restricted Stock was granted, if the grantee is still serving as a director of the Corporation, the Outside Director Restricted Stock shall vest with respect to one-third of the shares of the Outside Director Restricted Stock;

(ii) At the second Annual Meeting of Shareholders following the Annual Meeting at which the Outside Director Restricted Stock was granted, if the director is still serving as a director of the Corporation, the Outside Director Restricted Stock shall vest with respect to one-half of the remaining shares of the Outside Director Restricted Stock; and

(iii) At the third Annual Meeting of Shareholders following the Annual Meeting at which the Outside Director Restricted Stock was granted, if the director is still serving as a director of the Corporation, the Outside Director Restricted Stock shall vest with respect to the remaining shares of Outside Director Restricted Stock.

(e) By written notice to the Secretary of the Corporation given at least six months prior to the end of a fiscal year, an Outside Director may elect irrevocably to receive all or a specified portion of his annual retainers for board membership and any committee chairmanship for the following fiscal year in a number of shares of restricted stock (the “Retainer Stock”) determined by dividing the total amount of retainer specified in the election by 75% of the average of the daily closing prices of the Stock on the New York Stock Exchange (as reported in The Wall Street Journal) for the last five trading days of the fiscal year in which the election was made. Shares of the Retainer Stock shall be granted as of the first business day of the fiscal year as to which the election is effective, subject to forfeiture to the extent not earned upon the Outside Director’s ceasing to serve as a director or committee chairman during such fiscal year.

(f) Until the earlier of (i) five years from the date of grant and (ii) the date on which the Outside Director ceases to serve as a director of the Corporation (the “Outside Director Period of Restriction”), no Outside Director Restricted Stock or Retainer Stock may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, otherwise than by will or by the laws of descent and distribution.

Each certificate representing Outside Director Restricted Stock and Retainer Stock granted pursuant to this Section 9 shall bear the following legend:

“The sale or other transfer of the shares represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the Genesco Inc. 1996 Stock Incentive Plan (the “Plan”), and rules of administration adopted pursuant to such Plan. A copy of the Plan and the rules of such Plan may be obtained from the Secretary of Genesco Inc.”

Once the Outside Director Period of Restriction has lapsed, the grantee shall be entitled to have the legend required by this Section 9 removed from such stock certificate(s); provided however, that such certificate shall be subject to any legend required by applicable state or federal law.

(g) From the date on which the Outside Director Restricted Stock and Retainer Stock is granted, grantees awarded such Stock may exercise full voting rights with respect to the Outside Director Restricted Stock and Retainer Stock.

(h) Grantees holding Outside Director Restricted Stock or Retainer Stock that has vested in accordance with Section 9(c) or (d) hereof shall be entitled to receive all dividends and other distributions paid with respect to such shares of Stock while they are so held. If any such dividends, or distributions are paid in Stock, such shares of Stock shall be subject to the same restrictions on transferability as the shares of Outside Director Restricted Stock or Retainer Stock with respect to which they were paid.

(i) On the date of the Annual Meetings of Shareholders of the Corporation in 2001 and 2002, each Outside Director received the automatic grant of options (the “Outside Director Stock Options”) to purchase 4,000 shares of Common Stock at an exercise price equal to the Fair Market Value of the Common Stock on the date of grant. The Outside Director Stock Options became exercisable six months after their respective dates of grant, and shall expire at 11:59 p.m. Nashville, Tennessee, time on the tenth anniversary of their respective dates of grant. They may be exercised by giving written notice of exercise, accompanied by payment in full of the exercise price, either by check or by wire transfer of funds. The Outside Director Stock Options shall not be transferable except by will or by the laws of descent and distribution. In the event of death of an Outside Director holding Outside Director Stock Options, they may thereafter be exercised, to the extent they were exercisable at the time of death, by the legal representative of the estate or by the legatee under the will of the Outside Director, for a period of one year after the date of death or until their earlier expiration, whichever period is shorter. If an Outside Director ceases to serve on the Board of Directors for any reason other than death, the Outside Director’s Outside Director Stock Options may thereafter be exercised, to the extent they were exercisable at the date on which the holder’s service terminated, for a period of three months after such date or until their earlier expiration, whichever period is shorter.

(j) All restrictions imposed on the Outside Director Restricted Stock and Retainer Stock shall expire automatically upon a Change in Control, but the Outside Director Restricted Stock, the Retainer Stock and the Outside Director Stock Options shall not otherwise be subject to Section 10 hereof.

(k) All shares of Outside Director Restricted Stock and Retainer Stock and all Outside Director Stock Options which have not vested in accordance with Section 9(c), (d) or (h), as applicable, at the time of a grantee’s resignation, removal or failure to be elected as a member of the Board of Directors shall be forfeited and such forfeited shares shall again be available for award hereunder.

(l) The Board may not amend or alter this Section 9, except as provided in Section 11, without the approval of the holders of a majority of the issued and outstanding shares of Common Stock, and in no event shall this Section 9 be amended more than once every six months, other than to comply with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended, or the regulations thereunder.

SECTION 10. Change in Control Provisions.

(a) *Impact of Event.* In the event of:

(1) a “Change in Control” as defined in Section 10(b) or

(2) a “Potential Change in Control” as defined in Section 10(c), but only if and to the extent so determined by the Committee or the Board at or after grant (subject to any right of approval expressly reserved by the Committee or the Board at the time of such determination),

the following acceleration and valuation provisions shall apply if so determined by the Board in its sole discretion:

(i) Any Stock Appreciation Rights (including, without limitation, any Limited Stock Appreciation Rights) outstanding for at least six months and any Stock Option awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested.

(ii) The restrictions applicable to any Restricted Stock and Other Stock-Based Awards, in each case to the extent not already vested under the Plan, shall lapse and such shares and awards shall be deemed fully vested.

(iii) Except as otherwise provided in Section 10(a)(iv) below, the value of all outstanding Stock Options, Stock Appreciation Rights, Restricted Stock and Other Stock-Based Awards, in each case to the extent vested, shall, unless otherwise determined by the Committee in its sole discretion at or (except in the case of an Incentive Stock Option) after grant but prior to any Change in Control, be cashed out on the basis of the “Change in Control Price” as defined in Section 10(d) as of the date such Change in Control or such Potential Change in Control is determined to have occurred or such other date as the Committee may determine prior to the Change in Control.

(iv) In the case of any Stock Options, Stock Appreciation Rights, Restricted Stock and Other Stock-Based Awards held by any person subject to Section 16(a) of the Exchange Act, the value of all such Stock Options, Stock Appreciation Rights, Restricted Stock or Other Stock-Based Awards, in each case to the extent that they are vested and have been held for at least six months, shall (unless otherwise determined by the Committee in its sole discretion) be cashed out on the basis of the “Change in Control Price” as defined in Section 10(d) as of the date of such Change in Control or such

Potential Change in Control is determined to have occurred, but only if the Change in Control or Potential Change in Control is outside the control of the grantee for purposes of Rule 16b-3(e)(3) under the Exchange Act, or any successor provision promulgated by the Securities and Exchange Commission.

(b) *Definition of Change in Control.* For purposes of Section 10(a), a "Change in Control" means the happening of any of the following:

(i) any person or entity, including a "group" as defined in Section 13(d)(3) of the Exchange Act, other than the Corporation or a wholly-owned subsidiary thereof or any employee benefit plan of the Corporation or any of its Subsidiaries, becomes the beneficial owner of the Corporation's securities having 15% or more of the combined voting power of the then outstanding securities of the Corporation that may be cast for the election of directors of the Corporation (other than as a result of an issuance of securities initiated by the Corporation in the ordinary course of business); or

(ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sales of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Corporation or any successor corporation or entity entitled to vote generally in the election of the directors of the Corporation or such other corporation or entity after such transaction are held in the aggregate by the holders of the Corporation's securities entitled to vote generally in the election of directors of the Corporation immediately prior to such transaction; or

(iii) during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Corporation's stockholders, of each director of the Corporation first elected during such period was approved by a vote of at least two-thirds of the directors of the Corporation then still in office who were directors of the Corporation at the beginning of any such period.

(c) *Definition of Potential Change in Control.* For purposes of Section 10(a), a "Potential Change in Control" means the happening of any one of the following:

(i) The approval by stockholders of an agreement by the Corporation, the consummation of which would result in a Change in Control of the Corporation as defined in Section 10(b); or

(ii) The acquisition of beneficial ownership, directly or indirectly, by any entity, person or group (other than the Corporation or a Subsidiary or any Corporation employee benefit plan (including any trustee of such plan acting as such trustee)) of securities of the Corporation representing 5% or more of the combined voting power of the Corporation's outstanding securities and the adoption by the Committee of a resolution to the effect that a Potential Change in Control of the Corporation has occurred for purposes of this Plan.

(d) *Change in Control Price.* For purposes of this Section 10, "Change in Control Price" means the highest price per share paid in any transaction reported on the New York Stock Exchange or such other exchange or market as is the principal trading market for the Stock, or paid or offered in any bona fide transaction related to a Potential or actual Change in Control of the Corporation at any time during the 60 day period immediately preceding the occurrence of the Change in Control (or, where applicable, the occurrence of the Potential Change in Control event), in each case as determined by the Committee except that, in the case of Incentive Stock Options and Stock Appreciation Rights relating to Incentive Stock Options, such price shall be based only on transactions reported for the date on which the optionee exercises such Stock Appreciation Rights or, where applicable, the date on which a cash out occurs under Section 10(a)(iii).

SECTION 11. Amendments and Termination.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of an optionee or participant under a Stock Option, Stock Appreciation Right, Restricted Stock, Other Stock-Based Award or Outside Director Restricted Stock theretofore granted, without the optionee's or participant's consent or which, without the approval of the Corporation's stockholders, would:

(a) except as expressly provided in this Plan, increase the total number of shares reserved for the purpose of the Plan;

(b) materially increase the benefits accruing to participants under the Plan; or

(c) materially modify the requirements as to eligibility for participation in the Plan.

The Committee may amend the terms of any Stock Option or other award theretofore granted, prospectively or retroactively, but, subject to Section 3 above, no such amendment shall impair the rights of any holder without the holder's consent. The Committee may also substitute new Stock Options for previously granted Stock Options (on a one for one or other basis), including previously granted Stock Options having higher option exercise prices.

Subject to the above provisions, the Board shall have broad authority to amend the Plan to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

SECTION 12. Unfunded Status of Plan.

The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Corporation, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Corporation. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments in lieu of or with respect to awards hereunder; provided, however, that, unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the “unfunded” status of the Plan.

SECTION 13. General Provisions.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option or other award under the Plan to represent to and agree with the Corporation in writing that the optionee or participant is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(c) The adoption of the Plan shall not confer upon any employee of the Corporation or any Subsidiary or Affiliate any right to continued employment with the Corporation or a Subsidiary or Affiliate, as the case may be, nor shall it interfere in any way with the right of the Corporation or a Subsidiary or Affiliate to terminate the employment of any of its employees at any time.

(d) No later than the date as of which an amount first becomes includible in the gross income of the participant for Federal income tax purposes with respect to any award under the Plan, the participant shall pay to the Corporation, or make arrangements satisfactory to the Committee regarding the payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. The Committee may require withholding obligations to be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Corporation under the Plan shall be conditional on such payment or arrangements and the Corporation and its Subsidiaries or Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(e) The actual or deemed reinvestment of dividends or dividend equivalents in additional Restricted Stock (or other types of Plan awards) at the time of any dividend payment shall only be permissible if sufficient shares of Stock are available under Section 3 for such reinvestment (taking into account then outstanding Stock Options and other Plan awards).

(f) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Tennessee.

(g) The members of the Committee and the Board shall not be liable to any employee or other person with respect to any determination made hereunder in a manner that is not inconsistent with their legal obligations as members of the Board. In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Corporation) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Committee member is liable for negligence or misconduct in the performance of his duties; provided that within 60 days after institution of any such action, suit or proceeding, the Committee member shall in writing offer the Corporation the opportunity, at its own expense, to handle and defend the same.

(h) In addition to any other restrictions on transfer that may be applicable under the terms of this Plan or the applicable award agreement, no Option, Stock Appreciation Right, Restricted Stock award, or Other Stock-Based Award or other right issued under this Plan is transferable by the participant other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined under the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended. The designation of a beneficiary will not constitute a transfer.

SECTION 14. Effective Date of Plan.

The Plan shall be effective as of the date of approval of the Plan by a majority of the votes cast on the question of the Plan's approval by the holders of the Corporation's Stock.

SECTION 15. Term of Plan.

No Stock Option, Stock Appreciation Right, Restricted Stock award, Other Stock-Based Award or Outside Director Restricted Stock award shall be granted pursuant to the Plan on or after the tenth anniversary of the date of adoption by the Plan by the Board, but awards granted prior to such tenth anniversary may be extended beyond that date.

Exhibit (10)d.

GENESCO INC.

2005 EQUITY INCENTIVE PLAN

Amended and Restated
as of October 24, 2007

GENESCO INC.
2005 EQUITY INCENTIVE PLAN

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GENESCO INC.
2005 EQUITY INCENTIVE PLAN

AMENDED AND RESTATED
As of October 24, 2007

Section 1. Purpose

This plan shall be known as the “Genesco Inc. 2005 Equity Incentive Plan” (the “Plan”). The purpose of the Plan is to promote the interests of Genesco Inc., a Tennessee corporation (the “Company”), and its shareholders by (i) attracting and retaining key officers, employees, and directors of, and consultants to, the Company and its Subsidiaries and Affiliates; (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals, (iii) enabling such individuals to participate in the long-term growth and financial success of the Company, (iv) encouraging ownership of stock in the Company by such individuals, and (v) linking their compensation to the long-term interests of the Company and its shareholders. With respect to any awards granted under the Plan that are intended to comply with the requirements of “performance-based compensation” under Section 162(m) of the Internal Revenue Code, the Plan shall be interpreted in a manner consistent with such requirements.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) “**Affiliate”** shall mean (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act, and (iv) any entity in which the Company has at least twenty percent (20%) of the combined voting power of the entity’s outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

(b) “**Award**” shall mean any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit, Performance Award, Other Stock-Based Award or other award granted under the Plan, whether singly, in combination, or in tandem, to a Participant by the Committee (or the Board) pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee (or the Board) may establish.

(c) “**Award Agreement**” shall mean any written agreement, contract, or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

(d) “**Board**” shall mean the board of directors of the Company.

(e) “**Cause**” shall mean, unless otherwise defined in the applicable Award Agreement, (i) a felony conviction of the Participant or the failure of the Participant to contest prosecution for a felony, or (ii) a Participant’s willful misconduct or dishonesty, which is directly and materially harmful to the business or reputation of the Company or any Subsidiary or Affiliate. For purposes of this paragraph, no act, or failure to act, on the Participant’s part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant’s action or omission was in the best interest of the Company. Any determination of Cause for purposes of the Plan or any Award shall be made by the Committee in its sole discretion. Any such determination shall be final and binding on a Participant.

(f) “**Change in Control**” shall mean, unless otherwise defined in the applicable Award Agreement, any of the following events:

(i) Any Person, including a “group” as defined in Section 13(d)(3) of the Exchange Act, other than the Company or a wholly-owned Subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company’s securities having twenty-five percent (25%) or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or

(ii) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sales of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or Person entitled to vote generally in the election of the directors of the Company or such other corporation or Person after such transaction are held in the aggregate by the holders of the Company’s securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or

(iii) During any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company’s shareholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds (2/3) of the directors of the Company.

(g) “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) “**Committee**” shall mean a committee of the Board composed of not less than two Non-Employee Directors, each of whom shall be a “Non-Employee Director” for purposes of Section 16 of the Exchange Act and Rule 16b-3 promulgated thereunder and an “outside director” for purposes of Section 162(m).

(i) “**Consultant**” shall mean any consultant to the Company or its Subsidiaries or Affiliates.

(j) “**Covered Officer**” shall mean at any date (i) any individual who, with respect to the previous taxable year of the Company, was a “covered employee” of the Company within the meaning of Section 162(m); provided, however, that the term “Covered Officer” shall not include any such individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a “covered employee” with respect to the current taxable year of the Company and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a “covered employee” with respect to the current taxable year of the Company or with respect to the taxable year of the Company in which any applicable Award will be paid or vested.

(k) “**Director**” shall mean a member of the Board.

(l) “**Disability**” shall mean, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company’s then current long-term disability plan.

(m) “**Early Retirement**” shall mean, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from the employ or service of the Company or any of its Subsidiaries or Affiliates prior to age 65, with the express consent of the Company and, in accordance with any applicable early retirement policy of the Company then in effect or as may be approved by the Committee.

(n) “**Employee**” shall mean a current or prospective officer or employee of the Company or of any Subsidiary or Affiliate.

(o) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

(p) “**Fair Market Value**” with respect to the Shares, shall mean, for purposes of a grant of an Award as of any date, (i) the closing sales price of the Shares on the New York Stock Exchange, or any other such exchange on which the shares are traded, on such date, or in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined, in good faith, by the Committee in its sole discretion, and for purposes of a sale of a Share as of any date, the actual sales price on that date.

(q) “**Incentive Stock Option**” shall mean an option to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

(r) “**Non-Qualified Stock Option**” shall mean an option to purchase Shares from the Company that is granted under Sections 6 or 10 of the Plan and is not intended to be an Incentive Stock Option.

(s) “**Non-Employee Director**” shall mean a member of the Board who is not an officer or employee of the Company or any Subsidiary or Affiliate.

(t) “**Normal Retirement**” shall mean, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from the employ or service of the Company or any of its Subsidiaries or Affiliates on or after age 65.

(u) “**Option**” shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(v) “**Option Price**” shall mean the purchase price payable to purchase one Share upon the exercise of an Option.

(w) “**Other Stock-Based Award**” shall mean any Award granted under Sections 9 or 10 of the Plan.

(x) “**Outside Director**” means, with respect to the grant of an Award, a member of the Board then serving on the Committee.

(y) “**Participant**” shall mean any Employee, Director, Consultant or other person who receives an Award under the Plan.

(z) “**Performance Award**” shall mean any Award granted under Section 8 of the Plan.

(aa) “**Person**” shall mean any individual, corporation, partnership, limited liability company, associate, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

(bb) “**Potential Change in Control**” shall mean, unless otherwise defined in the applicable Award Agreement, either of the following events:

(i) The approval by shareholders of an agreement by the Company, the consummation of which would result in a Change in Control of the Company; or

(ii) The acquisition of beneficial ownership, directly or indirectly, by any Person or group (other than the Company or a Subsidiary or any Company employee benefit plan (including any trustee of such plan acting as such trustee)) of securities of the Company representing five percent (5%) or more of the combined voting power of the Company’s outstanding securities and the adoption by the Committee of a resolution to the effect that a Potential Change in Control of the Company has occurred for purposes of this Plan.

(cc) “**Restricted Share**” shall mean any Share granted under Sections 7 or 10 of the Plan.

(dd) “**Restricted Share Unit**” shall mean any unit granted under Sections 7 or 10 of the Plan.

(ee) “**Retirement**” shall mean, unless otherwise defined in the applicable Award Agreement, Normal or Early Retirement.

(ff) “**SEC**” shall mean the Securities and Exchange Commission or any successor thereto.

(gg) “**Section 16**” shall mean Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.

(hh) “**Section 162(m)**” shall mean Section 162(m) of the Code and the regulations promulgated thereunder and any successor or provision thereto as in effect from time to time.

(ii) “**Shares**” shall mean shares of the common stock, $1.00 par value, of the Company.

(jj) “**Stock Appreciation Right**” **or** “**SAR**” shall mean a stock appreciation right granted under Sections 6 or 10 of the Plan that entitles the holder to receive, with respect to each Share encompassed by the exercise of such SAR, the amount determined by the Committee and specified in an Award Agreement. In the absence of such a determination, the holder shall be entitled to receive, with respect to each Share encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Fair Market Value on the date of grant.

(kk) “**Subsidiary**” shall mean any Person (other than the Company) of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company.

(ll) “**Substitute Awards**” shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

(mm) “**Tandem SAR**” shall mean an SAR that is granted under Sections 6 or 10 of the Plan in relation to a particular Option and that can be exercised only upon the surrender to the Company, unexercised, of that portion of the Option to which the SAR relates.

Section 3. Administration

3.1 *Authority of Committee.* The Plan shall be administered by the Committee, which shall be appointed by and serve at the pleasure of the Board; provided, however, with respect to Awards to Outside Directors, all references in the Plan to the Committee shall be deemed to be references to the Board. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with Awards; (iv) determine the timing, terms, and conditions of any Award; (v) accelerate the time at which all or any part of an Award may be settled or exercised; (vi) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (viii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (ix) except to the extent prohibited by Section 6.2, amend or modify the terms of any Award at or after grant with the consent of the holder of the Award; (x) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan, subject to the exclusive authority of the Board under Section 14 hereunder to amend or terminate the Plan.

3.2 *Committee Discretion Binding.* Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Subsidiary or Affiliate, any Participant and any holder or beneficiary of any Award.

3.3 *Action by the Committee.* The Committee shall select one of its members as its Chairperson and shall hold its meetings at such times and places and in such manner as it may determine. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by not less than a majority of its members. Any decision or determination reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority vote at a meeting duly called and held. The exercise of an Option or receipt of an Award shall be effective only if an Award Agreement shall have been duly executed and delivered on behalf of the Company following the grant of the Option or other Award. The Committee may appoint a Secretary and may make such rules and regulations for the conduct of its business as it shall deem advisable.

3.4 *Delegation.* Subject to the terms of the Plan and applicable law, the Committee may delegate to one or more officers or managers of the Company or of any Subsidiary or Affiliate, or to a committee of such officers or managers, the authority, subject to such terms and limitations as the

Committee shall determine, to grant Awards to, or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend, or terminate Awards held by Participants who are not officers or directors of the Company for purposes of Section 16 or who are otherwise not subject to such Section.

3.5 *No Liability.* No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

Section 4. Shares Available for Awards

4.1 *Shares Available.* Subject to the provisions of Section 4.2 hereof, the stock to be subject to Awards under the Plan shall be the Shares of the Company and the maximum number of Shares with respect to which Awards may be granted under the Plan shall be 1,000,000, of which the number of Shares with respect to which Incentive Stock Options may be granted shall be no more than 1,000,000. If, after the effective date of the Plan, any Shares covered by an Award granted under this Plan, or to which such an Award relates, are forfeited, or if such an Award is settled for cash or otherwise terminates, expires unexercised, or is canceled without the delivery of Shares, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares with respect to which Awards may be granted, to the extent of any such settlement, forfeiture, termination, expiration, or cancellation, shall again become Shares with respect to which Awards may be granted. In the event that any Option or other Award granted hereunder is exercised through the delivery of Shares or in the event that withholding tax liabilities arising from such Award are satisfied by the withholding of Shares by the Company, the number of Shares available for Awards under the Plan shall be increased by the number of Shares so surrendered or withheld. Notwithstanding the foregoing and subject to adjustment as provided in Section 4.2 hereof, no Participant may receive Options or SARs under the Plan in any calendar year that, taken together, relate to more than 200,000 Shares.

4.2 *Adjustments.* In the event that any unusual and non-recurring transactions, including an unusual or non-recurring dividend or other distribution (whether in the form of an extraordinary cash dividend or a dividend of Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares, then the Committee shall in an equitable and proportionate manner (and, with respect to Incentive Stock Options, in such equitable and proportionate manner as is consistent with Section 422 of the Code and the regulations thereunder and with respect to Awards to Covered Officers, in such equitable and proportionate manner as is consistent with Section 162(m) of the code and the regulations thereunder): (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or Property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan, provided that the number of Shares subject to any Award shall always be a whole number; (3) the grant or exercise price with respect to any Award under the Plan; and (4) the limits on the number of Shares that may be granted to Participants under the Plan in any calendar year;

(ii) provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) make provision for a cash payment to the holder of an outstanding Award.

4.3 *Substitute Awards.* Any Shares issued by the Company as Substitute Awards in connection with the assumption or substitution of outstanding grants from any acquired corporation shall not reduce the Shares available for Awards under the Plan.

4.4 *Sources of Shares Deliverable Under Awards.* Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

Section 5. Eligibility

Any Employee, Director or Consultant shall be eligible to be designated a Participant; provided, however, that Outside Directors shall only be eligible to receive Awards granted consistent with Section 10.

Section 6. Stock Options and Stock Appreciation Rights

6.1 *Grant.* Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Options and SARs shall be granted, the number of Shares subject to each Award, the exercise price and the conditions and limitations applicable to the exercise of each Option and SAR. An Option may be granted with or without a Tandem SAR. An SAR may be granted with or without a related Option. The Committee shall have the authority to grant Incentive Stock Options, or to grant Non-Qualified Stock Options, or to grant both types of Options. However, reload options may not be granted (i.e., evergreen grants) under the Plan. In the case of Incentive Stock Options or Tandem SARs related to such Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. A person who has been granted an Option or SAR under this Plan may be granted additional Options or SARs under the Plan if the Committee shall so determine; provided, however, that to the extent the aggregate Fair Market Value (determined at the time the Incentive Stock Option or Tandem SAR related thereto is granted) of the Shares with respect to which all Incentive Stock Options or Tandem SARs related to such Option are exercisable for the first time by an Employee during any calendar year (under all plans described in subsection (d) of Section 422 of the Code of the Employee's employer corporation and its parent and Subsidiaries) exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options.

6.2 *Price.* The Committee in its sole discretion shall establish the Option Price at the time each Option is granted. Except in the case of Substitute Awards, the Option Price of an Option may not be less than one hundred percent (100%) of the Fair Market Value of the Shares with respect to which the Option is granted on the date of grant of such Option. Notwithstanding the foregoing and except as permitted by the provisions of Section 4.2 and Section 14 hereof, the

Committee shall not have the power to (i) amend the terms of previously granted Options to reduce the Option Price of such Options, or (ii) cancel such Options and grant substitute Options with a lower Option Price than the cancelled Options. Except with respect to Substitute Awards, SARs may not be granted at a price less than the Fair Market Value of a Share on the date of grant.

6.3 *Term.* Subject to the Committee's authority under Section 3.1 and the provisions of Section 6.6, each Option and SAR and all rights and obligations thereunder shall expire on the date determined by the Committee and specified in the Award Agreement. The Committee shall be under no duty to provide terms of like duration for Options or SARs granted under the Plan. Notwithstanding the foregoing, no Option or Tandem SAR that relates to such Option shall be exercisable after the expiration of ten (10) years from the date such Option or SAR was granted.

6.4 *Exercise.*

(a) Each Option and SAR shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Committee shall have full and complete authority to determine, subject to Section 6.6 herein, whether an Option or SAR will be exercisable in full at any time or from time to time during the term of the Option or SAR, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option or SAR as the Committee may determine.

(b) The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable. The exercise of any Option granted hereunder shall be effective only at such time as the sale of Shares pursuant to such exercise will not violate any state or federal securities or other laws.

(c) An Option or SAR may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option or SAR, delivered to the Company at its principal office, and payment in full to the Company at the direction of the Committee of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised. A Tandem SAR that is related to an Incentive Stock Option may be exercised only to the extent that the related Option is exercisable and only when the Fair Market Value exceeds the Option Price of the related Option. The exercise of either an Option or Tandem SAR shall result in the termination of the other to the extent of the number of Shares with respect to which either the Option or Tandem SAR is exercised.

(d) Payment of the Option Price shall be made in cash or cash equivalents, or, at the discretion of the Committee, (i) by transfer, either actually or by attestation, to the Company of Shares that have been held by the Participant for such period as may be determined by the Committee valued at the Fair Market Value of such Shares on the date of exercise (or next succeeding trading date, if the date of exercise is not a trading date), together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Committee, or (ii) by a combination of such cash (or cash equivalents) and such Shares; provided, however, that the optionee shall not be entitled to tender Shares pursuant to successive, substantially simultaneous exercises of an Option or any other stock option of the Company. Subject to applicable securities laws, an Option may also be exercised by delivering a notice of exercise of the Option and simultaneously selling the Shares thereby acquired, pursuant to a brokerage or similar agreement approved in advance by proper officers of the Company, using the proceeds of such sale as payment of the Option Price, together with any applicable withholding taxes. Until the optionee has been issued the Shares subject to such exercise, he or she shall possess no rights as a stockholder with respect to such Shares.

(e) At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Shares, or a combination of cash and Shares. A fractional Share shall not be deliverable upon the exercise of an SAR but a cash payment will be made in lieu thereof.

6.5 *Ten Percent Stock Rule.* Notwithstanding any other provisions in the Plan, if at the time an Option or SAR is otherwise to be granted pursuant to the Plan the optionee or rights holder owns directly or indirectly (within the meaning of Section 424(d) of the Code) Shares of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of Stock of the Company or its parent or Subsidiary or Affiliate corporations (within the meaning of Section 422(b)(6) of the Code), then any Incentive Stock Option or Tandem SAR to be granted to such optionee or rights holder pursuant to the Plan shall satisfy the requirement of Section 422(c)(5) of the Code, and the Option Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Shares of the Company, and such Option by its terms shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

Section 7. Restricted Shares and Restricted Share Units

7.1 *Grant.*

(a) Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Restricted Shares and Restricted Share Units shall be granted, the number of Restricted Shares and/or the number of Restricted Share Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Shares and Restricted Share Units may be forfeited to the Company, and the other terms and conditions of such Awards. The Restricted Share and Restricted Share Unit Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.

(b) Each Restricted Share and Restricted Share Unit Award made under the Plan shall be for such number of Shares as shall be determined by the Committee and set forth in the Award Agreement containing the terms of such Restricted Share or Restricted Share Unit Award. Such agreement shall set forth a period of time during which the grantee must remain in the continuous employment of the Company in order for the forfeiture and transfer restrictions to lapse. If the Committee so determines, the restrictions may lapse during such restricted period in installments with respect to specified portions of the Shares covered by the Restricted Share or Restricted Share Unit Award. The Award Agreement may also, in the discretion of the Committee, set forth performance or other conditions that will subject the Shares to forfeiture and transfer restrictions. The Committee may, at its discretion, waive all or any part of the restrictions applicable to any or all outstanding Restricted Share and Restricted Share Unit Awards.

7.2 *Delivery of Shares and Transfer Restrictions.* At the time of a Restricted Share Award, a certificate representing the number of Shares awarded thereunder shall be registered in the name of the grantee. Such certificate shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and shall bear such a legend setting forth the restrictions imposed thereon as the Committee, in its discretion, may determine. Unless otherwise provided in the applicable Award Agreement, the grantee shall have all rights of a shareholder with respect to the Restricted Shares, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions: (i) the grantee shall not be entitled to delivery of the stock certificate until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the Award Agreement with respect to such Shares; (ii) none of the Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during such restricted period or until after the fulfillment of any such other restrictive conditions; and (iii) except as otherwise determined by the Committee at or after grant, all of the Shares shall be forfeited and all rights of the grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of the Company for the entire restricted period in relation to which such Shares were granted and unless any other restrictive conditions relating to the Restricted Share Award are met. Any Shares, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Shares subject to Restricted Share Awards shall be subject to the same restrictions, terms and conditions as such Restricted Shares.

7.3 *Termination of Restrictions.* At the end of the restricted period and provided that any other restrictive conditions of the Restricted Share Award are met, or at such earlier time as otherwise determined by the Committee, all restrictions set forth in the Award Agreement relating to the Restricted Share Award or in the Plan shall lapse as to the Restricted Shares subject thereto, and a stock certificate for the appropriate number of Shares, free of the restrictions and restricted stock legend, shall be delivered to the Participant or the Participant’s beneficiary or estate, as the case may be.

7.4 *Payment of Restricted Share Units.* Each Restricted Share Unit shall have a value equal to the Fair Market Value of a Share. Restricted Share Units shall be paid in cash, Shares, other securities or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. Unless otherwise determined in the applicable Award Agreement, a Participant shall be credited with dividend equivalents on any vested Restricted Share Units credited to the Participant’s account at the time of any payment of dividends to shareholders on Shares. The amount of any such dividend equivalents shall equal the amount that would have been payable to the Participant as a shareholder in respect of a number of Shares equal to the number of vested Restricted Share Units then credited to the Participant. Any such dividend equivalents shall be credited to the Participant's account as of the date on which such dividend would have been payable and shall be converted into additional Restricted Share Units (which shall be immediately vested) based upon the Fair Market Value of a Share on the date of such crediting. No dividend equivalents shall be paid in respect of Restricted Share Units that are not yet vested. Except as otherwise determined by the Committee at or after grant, Restricted Share Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of, and all Restricted Share Units and all rights of the grantee to such Restricted Share Units shall terminate, without further obligation on the part of the Company, unless the grantee remains in continuous employment of the Company for the entire restricted period in relation to which such Restricted Share Units were granted and unless any other restrictive conditions relating to the Restricted Share Unit Award are met.

Section 8. Performance Awards

8.1 *Grant.* The Committee shall have sole and complete authority to determine the Participants who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash or Shares, (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.

8.2 *Terms and Conditions.* Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may amend specific provisions of the Performance Award; provided, however, that such amendment may not adversely affect existing Performance Awards made within a performance period commencing prior to implementation of the amendment.

8.3 *Payment of Performance Awards.* Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Committee, on a deferred basis. Termination of employment prior to the end of any performance period, other than for reasons of death or Disability, will result in the forfeiture of the Performance Award, and no payments will be made. A Participant's rights to any Performance Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of in any manner, except by will or the laws of descent and distribution, and/or except as the Committee may determine at or after grant.

Section 9. Other Stock-Based Awards

The Committee shall have the authority to determine the Participants who shall receive an Other Stock-Based Award, which shall consist of any right that is (i) not an Award described in Sections 6 and 7 above and (ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award.

Section 10. Non-Employee Director and Outside Director Awards

10.1 The Board may provide that all or a portion of a Non-Employee Director's annual retainer, meeting fees and/or other awards or compensation as determined by the Board, be payable (either automatically or at the election of a Non-Employee Director) in the form of Non-Qualified Stock Options, Restricted Shares, Restricted Share Units and/or Other Stock-Based Awards, including unrestricted Shares. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's service as a member of the Board, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law.

10.2 The Board may also grant Awards to Outside Directors pursuant to the terms of the Plan, including any Award described in Sections 6, 7 and 9 above. With respect to such Awards, all references in the Plan to the Committee shall be deemed to be references to the Board.

Section 11. Provisions Applicable to Covered Officers and Performance Awards

11.1 Notwithstanding anything in the Plan to the contrary, unless the Committee determines that a Performance Award to be granted to a Covered Officer should not qualify as "performance-based compensation" for purposes of Section 162(m), Performance Awards granted to Covered Officers shall be subject to the terms and provisions of this Section 11.

11.2 The Committee may grant Performance Awards to Covered Officers based solely upon the attainment of performance targets related to one or more performance goals selected by the Committee from among the goals specified below. For the purposes of this Section 11, performance goals shall be limited to one or more of the following Company, Subsidiary, operating unit or division financial performance measures:

(a) earnings before interest, taxes, depreciation and/or amortization;

(b) operating income or profit;

(c) operating efficiencies;

(d) return on equity, assets, capital, capital employed, or investment;

(e) after-tax operating income;

(f) net income;

(g) earnings or book value per Share;

(h) cash flow(s);

(i) total sales or revenues or sales or revenues per employee;

(j) production (separate work units or SWUs);

(k) stock price or total shareholder return;

(l) dividends; or

(m) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures;

or any combination thereof. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or any Subsidiary, operating unit or division of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or Shares outstanding, or to assets or net assets. The Committee may appropriately adjust any evaluation of performance under criteria set forth in this Section 11.2 to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year.

11.3 With respect to any Covered Officer, the maximum annual number of Shares in respect of which all Performance Awards may be granted under Section 8 of the Plan is 200,000 and the maximum amount of all Performance Awards that are settled in cash and that may be granted under Section 8 of the Plan in any year is $2,250,000.

11.4 To the extent necessary to comply with Section 162(m), with respect to grants of Performance Awards, no later than 90 days following the commencement of each performance period (or such other time as may be required or permitted by Section 162(m)), the Committee shall, in writing, (1) select the performance goal or goals applicable to the performance period,

(2) establish the various targets and bonus amounts which may be earned for such performance period, and (3) specify the relationship between performance goals and targets and the amounts to be earned by each Covered Officer for such performance period. Following the completion of each performance period, the Committee shall certify in writing whether the applicable performance targets have been achieved and the amounts, if any, payable to Covered Officers for such performance period. In determining the amount earned by a Covered Officer for a given performance period, subject to any applicable Award Agreement, the Committee shall have the right to reduce (but not increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the performance period.

11.5 Unless otherwise expressly stated in the relevant Award Agreement, each Award granted to a Covered Officer under the Plan is intended to be performance-based compensation within the meaning of Section 162(m). Accordingly, unless otherwise determined by the Committee, if any provision of the Plan or any Award Agreement relating to such an Award does not comply or is inconsistent with Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, and no provision shall be deemed to confer upon the Committee discretion to increase the amount of compensation otherwise payable to a Covered Officer in connection with any such Award upon the attainment of the performance criteria established by the Committee.

Section 12. Termination of Employment

The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a termination of employment with the Company, its Subsidiaries and Affiliates, including a termination by the Company with or without Cause, by a Participant voluntarily, or by reason of death, Disability or Retirement, and may provide such terms and conditions in the Award Agreement or in such rules and regulations as it may prescribe.

Section 13. Change in Control and Potential Change in Control

Upon a Change in Control, all outstanding Awards shall vest, become immediately exercisable or payable or have all restrictions lifted. Upon a Potential Change in Control, all outstanding Awards shall vest, become immediately exercisable or payable or have all restrictions lifted, but only if and to the extent so determined by the Committee or the Board at or after grant (subject to any right of approval expressly reserved by the Committee or the Board).

Section 14. Amendment and Termination

14.1 *Amendments to the Plan.* The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to comply.

14.2 *Amendments to Awards.* Subject to the restrictions of Section 6.2, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder, or beneficiary.

14.3 Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.2 hereof) affecting the Company, any Subsidiary or Affiliate, or the financial statements of the Company or any Subsidiary or Affiliate, or of changes in applicable laws, regulations or accounting principles.

Section 15. General Provisions

15.1 *Limited Transferability of Awards.* Except as otherwise provided in the Plan, no Award shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant, except by will or the laws of descent and distribution and/or as may be provided by the Committee in its discretion, at or after grant, in the Award Agreement. No transfer of an Award by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary or appropriate to establish the validity of the transfer.

15.2 *Dividend Equivalents.* In the sole and complete discretion of the Committee, an Award may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividend or dividend equivalents which are not paid currently may, at the Committee’s discretion, accrue interest, be reinvested into additional Shares, or in the case of dividends or dividend equivalents credited in connection with Performance Awards, be credited as additional Performance Awards and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award. The total number of Shares available for grant under Section 4 shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Shares or credited as Performance Awards.

15.3 *No Rights to Awards.* No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each Participant.

15.4 *Share Certificates.* All certificates for Shares or other securities of the Company or any Subsidiary or Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the SEC or any state securities commission or regulatory authority, any stock exchange or other market upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

15.5 *Withholding.* A Participant may be required to pay to the Company or any Subsidiary or Affiliate and the Company or any Subsidiary or Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan, or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding or other tax-related obligations in respect of an Award, its exercise or any other transaction involving an Award, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Options to defray or offset any tax arising from the grant, vesting, exercise or payment of any Award.

15.6 *Award Agreements.* Each Award hereunder shall be evidenced by an Award Agreement that shall be delivered to the Participant and may specify the terms and conditions of the Award and any rules applicable thereto. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail. The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

15.7 *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, Restricted Shares, Restricted Share Units, Other Stock-Based Awards or other types of Awards provided for hereunder.

15.8 *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Subsidiary or Affiliate. Further, the Company or a Subsidiary or Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in an Award Agreement.

15.9 *No Rights as Stockholder.* Subject to the provisions of the Plan and the applicable Award Agreement, no Participant or holder or beneficiary of any Award shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until such person has become a holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Shares hereunder, the applicable Award Agreement shall specify if and to what extent the Participant shall not be entitled to the rights of a shareholder in respect of such Restricted Shares.

15.10 *Governing Law.* The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Tennessee without giving effect to conflicts of laws principles.

15.11 *Severability.* If any provision of the Plan or any Award is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

15.12 *Other Laws.* The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Exchange Act Section 16(b), and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder, or beneficiary.

15.13 *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary or Affiliate.

15.14 *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

15.15 *Headings.* Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 16. Term of the Plan

16.1 *Effective Date.* The Plan shall be effective as of June 23, 2005, provided it has been approved by the Company's shareholders.

16.2 *Expiration Date.* No new Awards shall be granted under the Plan after the tenth (10th) anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the tenth (10th) anniversary of the Effective Date.

Exhibit (10)e.

GENESCO INC.

AMENDED AND RESTATED
EVA INCENTIVE COMPENSATION PLAN

1. Purpose.

The purposes of the Genesco Inc. EVA Incentive Compensation Plan ("the Plan") are to motivate and reward excellence and teamwork in achieving maximum improvement in shareholder value; to provide attractive and competitive total cash compensation opportunities for exceptional corporate and business unit performance; to reinforce the communication and achievement of the mission, objectives and goals of the Company; to motivate managers to think strategically (long term) as well as tactically (short term); and to enhance the Company's ability to attract, retain and motivate the highest caliber management team. The purposes of the Plan shall be carried out by payment to eligible participants of annual incentive cash awards, subject to the terms and conditions of the Plan and the discretion of the Compensation Committee of the board of directors of the Company.

2. Authorization.

On February 24, 2004, the Compensation Committee approved the Plan. On April 26, 2005, and February 20, 2007, the Committee amended the Plan.

3. Selection of Participants.

Participants shall be selected annually by the Chief Executive Officer from among full-time employees of the Company who serve in operational, administrative, professional or technical capacities. The participation and target bonus amounts of Company officers and the Management Committee shall be approved by the Compensation Committee with the advice of the Chief Executive Officer. The Chief Executive Officer shall not be eligible to participate in the Plan.

The Chief Executive Officer shall annually assign participants to a Business Unit. For participants whose Business Unit consists of more than one profit center, the Chief Executive Officer shall determine in advance the relative weight to be given to the performance of each profit center in the calculation of awards. If a participant is transferred to a different business unit during the Plan Year he or she shall be eligible to receive a bonus for each of the Business Units to which the participant was assigned during the Plan Year, prorated for the amount of time worked in each assignment, unless the Chief Executive Officer determines that a different proration is warranted in the circumstances.

In the event of another significant change in the responsibilities and duties of a participant during a Plan Year, the Chief Executive Officer shall have the authority, in his sole discretion, to terminate the participant's participation in the Plan, if such change results in diminished responsibilities, or to make such changes as he deems appropriate in (i) the target award the participant is eligible to earn, (ii) the participant's applicable goal(s) and (iii) the period during which the participant's applicable award applies.

4. Participants Added During Plan Year.

A person selected for participation in the Plan after the beginning of a Plan Year will be eligible to earn a prorated portion of the award the participant might have otherwise earned for a full year's service under the Plan during that Plan Year, provided the participant is actively employed as a participant under the Plan for at least 120 days during the Plan Year. The amount of the award, if any, earned by such participant for such Plan Year shall be based on the number of full months of the Plan Year during which the employee participated in the Plan.

5. Disqualification for Unsatisfactory Performance.

Any participant whose performance is found to be unsatisfactory or who shall have violated in any material respect the Company's Policy on Legal Compliance and Ethical Business Practices shall not be eligible to receive an award under the Plan in the current Plan Year. The participant shall be eligible to be considered by the Chief Executive Officer for reinstatement to the Plan in subsequent Plan Years. Any determination of unsatisfactory performance or of violation of the Company's Policy on Legal Compliance and Ethical Business Practices shall be made by the Chief Executive Officer. Participants who are found ineligible for participation in a Plan Year due to unsatisfactory performance will be so notified in writing prior to October 31 of the Plan Year.

6. Termination of Employment.

A participant whose employment is terminated voluntarily or involuntarily, except by reason of death, medical disability or voluntary retirement, prior to the end of a Plan Year shall not be eligible to receive an award under the Plan. A participant who voluntarily retires, is on medical leave of absence or the estate of a participant who dies during the Plan Year will be eligible to receive the sum of a prorated portion of the award (positive or negative) the participant would have otherwise received for a full year's service under the Plan, provided the participant is actively employed as a participant under the Plan for at least 120 days during the Plan Year, and the participant's bonus bank (positive or negative). The amount of any award payable to such disabled or retired participant or the estate of such deceased participant shall be based on the number of full months of the Plan Year during which the disabled, retired or deceased employee was classified in the Company's payroll system as an active employee. A participant who has received or is receiving severance pay at the end of the Plan Year shall be considered a terminated employee and shall not be eligible to receive an award under the Plan.

7. **Economic Value Added (“EVA”) Calculation**

EVA for a Business Unit or the entire Company, as applicable, shall be the result of a Business Unit’s or the Company’s net operating profit after taxes less a charge for capital employed by that Business Unit or the Company. The Company will track the change in EVA by Business Unit over each Plan Year for the purpose of determining bonus as further described below.

8. **Amount of Awards.**

Participants are eligible to earn cash awards based on (i) change in EVA for a Business Unit and (ii) achievement of individual Performance Plan Goals to be approved by the Chief Executive Officer prior to March 31 of each Plan Year. Prior to the beginning of each Plan Year, the Chief Executive Officer will establish for each Business Unit and for the Company as a whole target levels of expected changes in EVA for each Business Unit and for the Company for such Plan Year and a range of multiples to be applied to the participant’s target bonus based on actual performance for the Plan Year. The multiple related to Business Unit performance is referred to as the “Business Unit Multiple.” If a participant’s Business Unit is comprised of more than one profit center, the Chief Executive Officer shall determine the relative weight to be assigned to each profit center’s Business Unit Multiple. The Business Unit Multiple for such participant shall be the weighted average of the Business Unit Multiples for each profit center comprising the participant’s Business Unit. The multiple related to the performance of the Company as a whole is referred to as the “Corporate Multiple.” The Corporate Multiple and Business Unit Multiples may be positive or negative and may consist of whole numbers or fractions. Not later than March 31 the Plan Year, the participant and the participant’s supervisor shall agree on a set of strategic performance objectives for the participant for the Plan Year (the “Performance Plan Goals”).

The “Declared Bonus” shall be determined as follows:

For participants who are Business Unit Presidents, the Declared Bonus shall equal the sum of (A) the Business Unit Multiple times one-half the participant’s target bonus plus (B) the Corporate Multiple times one-quarter of the participant’s target bonus plus (C) the percentage of the participant’s achievement of his or her Performance Plan Goals determined by the participant’s supervisor (the “Performance Plan Percentage”) times one-quarter of the participant’s target bonus times the Business Unit Multiple; provided, however that if the Business Unit Multiple is a negative number, the Performance Plan Percentage shall be 100%.

For other Business Unit participants, the Declared Bonus shall equal the sum of (A) the Business Unit Multiple times 75% of the participant’s target bonus plus (B) the Business Unit Multiple times 25% of the participant’s target bonus times the Performance Plan Percentage; provided, however that if the Business Unit Multiple is a negative number, the Performance Plan Percentage shall be 100%.

For the Corporate Staff participants, the Declared Bonus shall equal the sum of (A) the Corporate Multiple times 75% of the participant's target bonus plus (B) the Corporate Multiple times 25% of the participant's target bonus times the Performance Plan Percentage; provided that, if the Corporate Multiple is a negative number, the Performance Plan Percentage shall be 100%.

A participant's bonus payout at the end of the Plan Year shall be equal to the sum of: (i) the Declared Bonus, up to three times the participant's target bonus for the Plan Year plus (ii) one-third of the participant's Declared Bonus in excess of three times the target bonus, provided, however, that in years in which a positive Declared Bonus is earned but a negative bank balance exists to be repaid, 50% of the Declared Bonus in excess of two times the target bonus will be credited to the negative bank.

A "Bonus Bank" shall be established for each participant each year and shall consist of: (i) the participant's positive Declared Bonus not distributed because of payout limitations or (ii) the participant's negative Declared Bonus, as applicable. The positive Bonus Bank established for each Plan Year shall be paid out in three equal annual installments beginning the year following the Current Plan year except that positive bank balances that exist from prior years will be fully netted against a negative award in the year the negative award is realized. The negative Bonus Bank established for any Plan Year shall be eliminated to the extent not repaid pursuant to the preceding paragraph at the end of three years following the Plan Year with respect to which it arose.

Any positive balance in the Bonus Bank shall be payable without interest promptly upon the Company's termination of the participant's employment without "Cause," or upon the participant's death or retirement. "Cause" for termination for purposes of this Plan means any act of dishonesty involving the Company, any violation of the Policy on Legal Compliance and Ethical Business Practices as then in effect, any breach of fiduciary duty owed to the Company, persistent or flagrant failure to follow the lawful directives of the board of directors or of the executive to whom the participant reports or conviction of a felony.

Nothing in this Plan (including but not limited to the foregoing definition of Cause) shall in any manner alter the participant's status as an employee at will or limit the Company's right or ability to terminate the participant's employment for any reason or for no reason at all. Upon termination for Cause or voluntary termination at the participant's instance, any unpaid portion of the "Bonus Bank" will be forfeited by the participant.

9. <u>Payment of Awards</u>.

Any awards payable under the Plan (including awards with respect to participants who die, are placed on medical leave of absence or voluntarily retire during the Plan Year), other than the amount, if any, to be credited to the Bonus Bank, will be made in cash, net of applicable withholding taxes, as soon as reasonably practicable after the end of the Plan Year, but in no event prior to the date on which the Company's audited financial statements for the Plan Year are reviewed by the audit committee of the Company's board of directors. The positive Bonus Bank balance will be paid in cash, net of applicable withholding taxes, as soon as reasonably practicable after the date on which it becomes payable.

10. Plan Administration.

The Chief Executive Officer shall have final authority to interpret the provisions of the Plan. Interpretations by the Chief Executive Officer which are not patently inconsistent with the express provisions of the Plan shall be conclusive and binding on all participants and their designated beneficiaries. It is the responsibility of the Senior Vice President Human Resources & Administration (i) to cause each person selected to participate in the Plan to be furnished with a copy of the Plan and to be notified in writing of such selection, the applicable goals and the range of the awards for which the participant is eligible; (ii) to cause the awards to be calculated in accordance with the Plan; and (iii) except to the extent reserved to the Chief Executive Officer or the Compensation Committee hereunder, to administer the Plan consistent with its express provisions.

11. Non-assignability.

A participant may not at any time encumber, transfer, pledge or otherwise dispose of or alienate any present or future right or expectancy that the participant may have at any time to receive any payment under the Plan. Any present or future right or expectancy to any such payment is non-assignable and shall not be subject to execution, attachment or similar process.

12. Miscellaneous.

Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any participant’s employment or to change any participant’s duties and responsibilities, nor confer upon any participant the right to be selected to participate in any incentive compensation plans for future years. Neither the Chief Executive Officer, the Senior Vice President Human Resources & Administration, nor the Compensation Committee shall have any liability for any action taken or determination made under the Plan in good faith.

13. Binding on Successors.

The obligations of the Company under the Plan shall be binding upon any organization which shall succeed to all or substantially all of the assets of the Company, and the term Company, whenever used in the Plan, shall mean and include any such organization after the succession. If the subject matter of this Section 13 is covered by a change-in-control agreement or similar agreement which is more favorable to the participant than this Section 13, such other agreement shall govern to the extent applicable and to the extent inconsistent herewith.

14. <u>Definitions</u>.

"EVA" means the economic value added to the Company during the Plan Year as determined by the net operating profit in a particular Business Unit as reflected on the Company's books for internal reporting purposes, reduced by the cost of capital.

"Business Unit" means any of the Company's profit centers or any combination of two or more of the profit centers, which comprise Genesco Inc.

The **"Chief Executive Officer"** means the president and chief executive officer of the Company.

The **"Company"** means Genesco Inc. and any wholly owned subsidiary of Genesco Inc.

The **"Compensation Committee"** means the compensation committee of the board of directors of the Company.

The **"Plan"** means this EVA Incentive Compensation Plan for the Plan Year.

"Plan Year" means the fiscal year of the Company.

The **"Senior Vice President Human Resources & Administration"** means the senior vice president Human Resources & Administration of Genesco Inc. or any person fulfilling the functions of such office.

The **"Management Committee"** means executives of the Company with a direct reporting relationship to the Chief Executive Officer.

Exhibit (10)f.

GENESCO INC.

**AMENDED AND RESTATED
EVA INCENTIVE COMPENSATION PLAN
(as amended effective August 22, 2007)**

1. Purpose.

The purposes of the Genesco Inc. EVA Incentive Compensation Plan (“the Plan”) are to motivate and reward excellence and teamwork in achieving maximum improvement in shareholder value; to provide attractive and competitive total cash compensation opportunities for exceptional corporate and business unit performance; to reinforce the communication and achievement of the mission, objectives and goals of the Company; to motivate managers to think strategically (long term) as well as tactically (short term); and to enhance the Company’s ability to attract, retain and motivate the highest caliber management team. The purposes of the Plan shall be carried out by payment to eligible participants of annual incentive cash awards, subject to the terms and conditions of the Plan and the discretion of the Compensation Committee of the board of directors of the Company.

2. Authorization.

On February 24, 2004, the Compensation Committee approved the Plan. On April 26, 2005, February 20, 2007, and August 22, 2007, the Committee amended the Plan.

3. Selection of Participants.

Participants shall be selected annually by the Chief Executive Officer from among full-time employees of the Company who serve in operational, administrative, professional or technical capacities. The participation and target bonus amounts of Company officers and the Management Committee shall be approved by the Compensation Committee with the advice of the Chief Executive Officer. The Chief Executive Officer shall not be eligible to participate in the Plan.

The Chief Executive Officer shall annually assign participants to a Business Unit. For participants whose Business Unit consists of more than one profit center, the Chief Executive Officer shall determine in advance the relative weight to be given to the performance of each profit center in the calculation of awards. If a participant is transferred to a different business unit during the Plan Year he or she shall be eligible to receive a bonus for each of the Business Units to which the participant was assigned during the Plan Year, prorated for the amount of time worked in each assignment, unless the Chief Executive Officer determines that a different proration is warranted in the circumstances.

In the event of another significant change in the responsibilities and duties of a participant during a Plan Year, the Chief Executive Officer shall have the authority, in his sole discretion, to terminate the participant’s participation in the Plan, if such change results in diminished responsibilities, or to make such changes as he deems appropriate in (i) the target award the participant is eligible to earn, (ii) the participant’s applicable goal(s) and (iii) the period during which the participant’s applicable award applies.

4. Participants Added During Plan Year.

A person selected for participation in the Plan after the beginning of a Plan Year will be eligible to earn a prorated portion of the award the participant might have otherwise earned for a full year’s service under the Plan during that Plan Year, provided the participant is actively employed as a participant under the Plan for at least 120 days during the Plan Year. The amount of the award, if any, earned by such participant for such Plan Year shall be based on the number of full months of the Plan Year during which the employee participated in the Plan.

5. Disqualification for Unsatisfactory Performance.

Any participant whose performance is found to be unsatisfactory or who shall have violated in any material respect the Company’s Policy on Legal Compliance and Ethical Business Practices shall not be eligible to receive an award under the Plan in the current Plan Year. The participant shall be eligible to be considered by the Chief Executive Officer for reinstatement to the Plan in subsequent Plan Years. Any determination of unsatisfactory performance or of violation of the Company’s Policy on Legal Compliance and Ethical Business Practices shall be made by the Chief Executive Officer. Participants who are found ineligible for participation in a Plan Year due to unsatisfactory performance will be so notified in writing prior to October 31 of the Plan Year.

6. Termination of Employment.

A participant whose employment is terminated voluntarily or involuntarily, except by reason of death, medical disability or voluntary retirement, prior to the end of a Plan Year shall not be eligible to receive an award under the Plan. A participant who voluntarily retires, is on medical leave of absence or the estate of a participant who dies during the Plan Year will be eligible to receive the sum of a prorated portion of the award (positive or negative) the participant would have otherwise received for a full year’s service under the Plan, provided the participant is actively employed as a participant under the Plan for at least 120 days during the Plan Year, and the participant’s bonus bank (positive or negative). The amount of any award payable to such disabled or retired participant or the estate of such deceased participant shall be based on the number of full months of the Plan Year during which the disabled, retired or deceased employee was classified in the Company’s payroll system as an active employee. A participant who has received or is receiving severance pay at the end of the Plan Year shall be considered a terminated employee and shall not be eligible to receive an award under the Plan.

7. Economic Value Added (“EVA”) Calculation

EVA for a Business Unit or the entire Company, as applicable, shall be the result of a Business Unit’s or the Company’s net operating profit after taxes less a charge for capital employed by that Business Unit or the Company. The Company will track the change in EVA by Business Unit over each Plan Year for the purpose of determining bonus as further described below.

8. Amount of Awards.

Participants are eligible to earn cash awards based on (i) change in EVA for a Business Unit and (ii) achievement of individual Performance Plan Goals to be approved by the Chief Executive Officer prior to March 31 of each Plan Year. Prior to the beginning of each Plan Year, the Chief Executive Officer will establish for each Business Unit and for the Company as a whole target levels of expected changes in EVA for each Business Unit and for the Company for such Plan Year and a range of multiples to be applied to the participant’s target bonus based on actual performance for the Plan Year. The multiple related to Business Unit performance is referred to as the “Business Unit Multiple.” If a participant’s Business Unit is comprised of more than one profit center, the Chief Executive Officer shall determine the relative weight to be assigned to each profit center’s Business Unit Multiple. The Business Unit Multiple for such participant shall be the weighted average of the Business Unit Multiples for each profit center comprising the participant’s Business Unit. The multiple related to the performance of the Company as a whole is referred to as the “Corporate Multiple.” The Corporate Multiple and Business Unit Multiples may be positive or negative and may consist of whole numbers or fractions. Not later than March 31 the Plan Year, the participant and the participant’s supervisor shall agree on a set of strategic performance objectives for the participant for the Plan Year (the “Performance Plan Goals”).

The “Declared Bonus” shall be determined as follows:

For participants who are Business Unit Presidents, the Declared Bonus shall equal the sum of (A) the Business Unit Multiple times one-half the participant’s target bonus plus (B) the Corporate Multiple times one-quarter of the participant’s target bonus plus (C) the percentage of the participant’s achievement of his or her Performance Plan Goals determined by the participant’s supervisor (the “Performance Plan Percentage”) times one-quarter of the participant’s target bonus times the Business Unit Multiple; provided, however that if the Business Unit Multiple is a negative number, the Performance Plan Percentage shall be 100%.

For other Business Unit participants, the Declared Bonus shall equal the sum of (A) the Business Unit Multiple times 75% of the participant’s target bonus plus (B) the Business Unit Multiple times 25% of the participant’s target bonus times the Performance Plan Percentage; provided, however that if the Business Unit Multiple is a negative number, the Performance Plan Percentage shall be 100%.

For the Corporate Staff participants, the Declared Bonus shall equal the sum of (A) the Corporate Multiple times 75% of the participant’s target bonus plus (B) the Corporate Multiple times 25% of the participant's target bonus times the Performance Plan Percentage; provided that, if the Corporate Multiple is a negative number, the Performance Plan Percentage shall be 100%.

A participant's bonus payout at the end of the Plan Year shall be equal to the sum of: (i) the Declared Bonus, up to three times the participant's target bonus for the Plan Year plus (ii) one-third of the participant's Declared Bonus in excess of three times the target bonus, provided, however, that in years in which a positive Declared Bonus is earned but a negative bank balance exists to be repaid, 50% of the Declared Bonus in excess of two times the target bonus will be credited to the negative bank.

A "Bonus Bank" shall be established for each participant each year and shall consist of: (i) the participant's positive Declared Bonus not distributed because of payout limitations or (ii) the participant's negative Declared Bonus, as applicable. The positive Bonus Bank established for each Plan Year shall be paid out in three equal annual installments beginning the year following the Current Plan year except that positive bank balances that exist from prior years will be fully netted against a negative award in the year the negative award is realized. The negative Bonus Bank established for any Plan Year shall be eliminated to the extent not repaid pursuant to the preceding paragraph at the end of three years following the Plan Year with respect to which it arose.

Any positive balance in the Bonus Bank shall be payable without interest promptly upon the Company's termination of the participant's employment without "Cause," or upon the participant's death or retirement. "Cause" for termination for purposes of this Plan means any act of dishonesty involving the Company, any violation of the Policy on Legal Compliance and Ethical Business Practices as then in effect, any breach of fiduciary duty owed to the Company, persistent or flagrant failure to follow the lawful directives of the board of directors or of the executive to whom the participant reports or conviction of a felony.

Nothing in this Plan (including but not limited to the foregoing definition of Cause) shall in any manner alter the participant's status as an employee at will or limit the Company's right or ability to terminate the participant's employment for any reason or for no reason at all. Upon termination for Cause or voluntary termination at the participant's instance, any unpaid portion of the "Bonus Bank" will be forfeited by the participant.

9. <u>Specification of Payment Date for Performance Awards</u>.

Any awards payable under the Plan (including awards with respect to participants who die, are placed on medical leave of absence or voluntarily retire during the Plan Year), other than the amount, if any, to be credited to the Bonus Bank, will be made in cash, net of applicable withholding taxes, by the fifteenth day of the third month following the close of the Plan Year, but in no event prior to the date on which the Company's audited financial statements for the Plan Year are reviewed by the audit committee of the Company's board of directors. The positive Bonus Bank balance will be paid in cash, net of applicable withholding taxes, on the second and third anniversaries of the payment of the Declared Bonus to which such amounts relate, subject to reduction as provided in Article 8 hereof.

It is intended that (1) each installment of the payments provided under this Plan is a separate “payment” for purposes of Section 409A (“Section 409A”) of the Internal Revenue Code of 1986, as amended (the “Code”), and (2) that the payments satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(9)(iii), and 1.409A-1(b)(9)(v). Notwithstanding anything to the contrary in this Plan, if the Company determines (i) that on the date a participant’s employment with the Company terminates or at such other time that the Company determines to be relevant, the participant is a “specified employee” (as such term is defined under Section 409A) of the Company and (ii) that any payments to be provided to the participant pursuant to this Plan are or may become subject to the additional tax under Section 409(A)(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code (“Section 409A Taxes”) if provided at the time otherwise required under this Plan then (A) such payments shall be delayed until the date that is six months after the date of the participant’s “separation from service” (as such term is defined under Section 409A of the Code) with the Company, or such shorter period that, as determined by the Company, is sufficient to avoid the imposition of Section 409A Taxes (the “Payment Delay Period”) and (B) such payments shall be increased by an amount equal to interest on such payments for the Payment Delay Period at a rate equal to the prime rate in effect as of the date the payment was first due (for this purpose, the prime rate will be based on the rate published from time to time in The Wall Street Journal).

10. Plan Administration.

The Chief Executive Officer shall have final authority to interpret the provisions of the Plan. Interpretations by the Chief Executive Officer which are not patently inconsistent with the express provisions of the Plan shall be conclusive and binding on all participants and their designated beneficiaries. It is the responsibility of the Senior Vice President Human Resources & Administration (i) to cause each person selected to participate in the Plan to be furnished with a copy of the Plan and to be notified in writing of such selection, the applicable goals and the range of the awards for which the participant is eligible; (ii) to cause the awards to be calculated in accordance with the Plan; and (iii) except to the extent reserved to the Chief Executive Officer or the Compensation Committee hereunder, to administer the Plan consistent with its express provisions.

11. Non-assignability.

A participant may not at any time encumber, transfer, pledge or otherwise dispose of or alienate any present or future right or expectancy that the participant may have at any time to receive any payment under the Plan. Any present or future right or expectancy to any such payment is non-assignable and shall not be subject to execution, attachment or similar process.

12. Miscellaneous.

Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any participant’s employment or to change any participant’s duties and responsibilities, nor confer upon any participant the right to be selected to participate in any incentive compensation plans for future years. Neither the Chief Executive Officer, the Senior Vice President Human Resources & Administration, nor the Compensation Committee shall have any liability for any action taken or determination made under the Plan in good faith.

13. Binding on Successors.

The obligations of the Company under the Plan shall be binding upon any organization which shall succeed to all or substantially all of the assets of the Company, and the term Company, whenever used in the Plan, shall mean and include any such organization after the succession. If the subject matter of this Section 13 is covered by a change-in-control agreement or similar agreement which is more favorable to the participant than this Section 13, such other agreement shall govern to the extent applicable and to the extent inconsistent herewith.

14. Definitions.

"EVA" means the economic value added to the Company during the Plan Year as determined by the net operating profit in a particular Business Unit as reflected on the Company's books for internal reporting purposes, reduced by the cost of capital.

"Business Unit" means any of the Company's profit centers or any combination of two or more of the profit centers, which comprise Genesco Inc.

The **"Chief Executive Officer"** means the president and chief executive officer of the Company.

The **"Company"** means Genesco Inc. and any wholly owned subsidiary of Genesco Inc.

The **"Compensation Committee"** means the compensation committee of the board of directors of the Company.

The **"Plan"** means this EVA Incentive Compensation Plan for the Plan Year.

"Plan Year" means the fiscal year of the Company.

The **"Senior Vice President Human Resources & Administration"** means the senior vice president Human Resources & Administration of Genesco Inc. or any person fulfilling the functions of such office.

The **"Management Committee"** means executives of the Company with a direct reporting relationship to the Chief Executive Officer.

Exhibit (10)r.

AMENDED AND RESTATED
DEFERRED INCOME PLAN
(also referred to as STEP PLUS)
(as amended effective August 22, 2007)

Purpose

Genesco Inc., a Tennessee corporation ("Genesco") with principal offices located in Nashville, Tennessee, adopts the following Deferred Income Plan for its eligible employees, effective on June 9, 2000, as amended effective January 1, 2001, May 17, 2005 and August 22, 2007.

This Plan is maintained for the purpose of providing Participants an opportunity to defer compensation that would otherwise be currently payable to such Participants and to provide the benefits lost under the Salary Deferral Plan and the Retirement Plan by participating in this Plan. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for Directors and a select group of management or highly compensated employees within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE 1
Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the meanings indicated:

1.1 "Account Balances" shall mean as of any given date called for under the Plan, the balances of the Participant's Deferral Contribution Account and Company Contribution Account as such accounts have been adjusted to reflect all applicable Investment Adjustments and all prior withdrawals and distributions, in accordance with Article 3 of the Plan.

1.2 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated by the Participant in accordance with Article 10, to receive the Participant's undistributed Account Balance, in the event of the Participant's death.

1.3 "Beneficiary Designation Form" shall mean the document which shall be used by the Participant to designate his Beneficiary for the Plan.

1.4 "Benefit Distribution Date" shall mean the date distribution of the Participant's Account Balance is triggered and it shall be deemed to occur on the last day of the month coinciding with or next following of the Participant's Termination of Employment for any reason whatsoever, including but not limited to death. For purposes of Section 5.2, it shall mean the last day of the month in which the Committee approves the request. The Participant may elect an irrevocable Benefit Distribution Date that is prior to Termination of Employment (see Section 5.1) on a deferral made pursuant to Section 3.1 at the time such deferral election is made.

1.5 “Board” shall mean the board of directors of the Company.

1.6 “Change in Control” shall mean the earliest to occur of the following events:

(a) The consummation of any transaction or series of transactions as a result of which any “Person” (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) other than an “Excluded Person” (as hereinafter defined) has or obtains ownership or control, directly or indirectly, of fifty percent (50%) or more of the combined voting power of all securities of the Company or any successor or surviving corporation of any merger, consolidation or reorganization involving the Company (the “Voting Securities”). The term “Excluded Person” means any one or more of the following: (i) the Company or any majority-owned subsidiary of the Company, (ii) an employee benefit plan (or a trust forming a part thereof) maintained by (A) the Company or (B) any majority-owned subsidiary of the Company, (iii) any Person who as of the initial effective date of this Plan owned or controlled, directly or indirectly, ten percent (10%) or more of the then outstanding Voting Securities, or any individual, entity or group that was part of such a Person;

(b) A merger, consolidation or reorganization involving the Company as a result of which the holders of Voting securities immediately before such merger, consolidation or reorganization do not immediately following such merger, consolidation or reorganization own or control, directly or indirectly, at least fifty percent (50%) of the Voting Securities in substantially the same proportion as their ownership or control of the Voting Securities immediately before such merger, consolidation or reorganization; or

(c) The sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a majority-owned subsidiary of the Company).

1.7 “Compensation” with respect to any Participant shall mean such Participant’s wages as defined in Code Section 3401(a) and all other payments of compensation by the Employer for a Plan Year for which the Employer is required to furnish the Participant a written statement under Code Sections 6041(d), 6051(2)(3) and 6052.

1.8 “Claimant” shall mean the person or persons described in Section 14.1 who apply for benefits or amounts that may be payable under the Plan.

1.9 “Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations and other authority issued thereunder by the appropriate governmental authority. References to the Code shall include references to any successor section or provision of the Code.

1.10 “Committee” shall mean the committee described in Article 12 which shall administer the Plan.

1.11 “Company” shall mean Genesco Inc., a Tennessee corporation, and any successor or assigns.

1.12 “Company Contribution Credit” shall mean an amount credited to the Participant’s Company Contribution Account for a Plan Year in accordance with the terms of the Plan.

1.13 “Company Contribution Account” shall mean the aggregate Company Contributions credited for a Participant as well as any appreciation (or depreciation) specifically attributable to such Company Contributions due to Investment Adjustments, reduced to reflect all prior distributions and withdrawals. The Company Contribution Account shall be utilized solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Company Contribution Account shall not constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes and, moreover, contingent amounts credited thereto shall not be considered “plan assets” for ERISA purposes. The Company Contribution Account merely provides a record of the bookkeeping entries relating to the contingent benefits that the Company intends to provide Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

1.14 “Contributions” shall refer to any and all Deferral and Company Contributions, as such terms have been defined herein.

1.15 “Deferral Contribution” shall mean the aggregate amount of Director Fees and Compensation deferred by a Participant during a given Plan Year in accordance with the terms of the Plan and the Participant’s Deferral Agreement and “credited” to the Participant’s Deferral Contribution Account. Deferral Contributions shall be deemed to be made to the Plan by the Participant on the date the Participant would have received such compensation had it not been deferred pursuant to the Plan.

1.16 “Deferral Contribution Account” shall mean a Participant’s aggregate Deferral Contributions, as well as any appreciation (or depreciation) specifically attributable to such Deferral Contributions due to Investment Adjustments, reduced to reflect all prior distributions and withdrawals. The Deferral Contribution Account shall be utilized solely as a device for the measurement of amounts to be paid to the Participant under the Plan. The Deferral Contribution Account shall not constitute or be treated as an escrow, trust fund, or any other type of funded account for Code or ERISA purposes and, moreover, contingent amounts credited thereto shall not be considered “plan assets” for ERISA purposes. The Deferral Contribution Account merely provides a record of the bookkeeping entries relating to the contingent benefits that the Company intends to provide Participant and shall thus reflect a mere unsecured promise to pay such amounts in the future.

1.17 “Director Fees” shall mean any payments made to a member of the Genesco Inc. Board of Directors.

1.18 “Disability” shall mean the Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan sponsored by the Company and which covers the Executive.

1.19 “Deferral Agreement” shall mean the document required by the Committee to be submitted by a Participant which specifies (1) the percent of Director Fees or Compensation the Participant has elected to defer as provided in Section 3.1, (2) the Benefit Distribution Date described in section 1.4 and (3) for purposes of article 7 and 8 the form of distribution. A deferral election (or modification of an earlier election) may not be made with respect to Director Fees or Compensation which is currently available on or before the date the Participant executed such election. Changes in the amount of the deferral, the benefit distribution date and/or the form of the distribution can be effective no earlier than as of the beginning of the first Plan Year following the date on which such changes are received by the Committee or its designee.

1.20 “Effective Date” shall mean the effective date of this Plan which shall be July 1, 2000.

1.21 “Employee” shall mean an employee of the Company.

1.22 “Employer” shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that (i) have been selected by the Board to participate in the Plan and (ii) have affirmatively adopted the Plan.

1.23 “Enrollment Forms” shall mean the Participation Agreement, the Deferral Agreement, and any other forms or documents which may be required of a Participant by the Committee, in its sole discretion, prior to and as a condition of participating in the Plan.

1.24 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations and other authority issued thereunder by the appropriate governmental authority. Reference herein to any section of ERISA shall include references to any successor section or provision of ERISA.

1.25 “Financial Emergency” means an event which results (or will result) in severe financial hardship to the Participant as a consequence of an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or the Participant’s dependent (as determined under Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) or loss of the Participant’s property due to casualty or other similar extraordinary and unforeseen circumstances beyond the control of the Participant. Examples of events that are not considered to be a Financial Emergency include the need to send a Participant’s child to college and the desire to purchase a house.

1.26 “Hour of Service” means (1) each hour for which a Participant is directly or indirectly compensated or entitled to compensation by the Company for the performance of duties (these hours will be credited to the Employee for the computation period in which the duties are performed); (2) each hour for which a Participant is directly or indirectly compensated or entitled to compensation by the Company (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period (these hours will be calculated and credited pursuant to Department of Labor regulation 2530.200b-2 which is incorporated herein by reference); (3) each hour for which back pay is awarded or agreed to by the Company without regard to mitigation of damages (these hours will be credited to the Participant for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made). The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding the above, (i) no more than 501 Hours of Service are required to be credited to a Participant on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which a Participant is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Participant if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses a Participant for medical or medically related expenses incurred by the Participant.

For purposes of this Section, a payment shall be deemed to be made by or due from the Company regardless of whether such payment is made by or due from the Company directly, or the Company contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of a particular employee or are on behalf of a group of employees in the aggregate.

For purposes of this Section, Hours of Service will be credited for employment with other Affiliated Employers. The provisions of Department of Labor regulations 2530.200B-2(b) and (c) are incorporated herein by reference.

1.27 "Hypothetical Investment" shall mean an investment fund or benchmark made available to Participants by the Committee for purposes of valuing amounts contributed to the Plan.

1.28 "Investment Allocation Form" (i) shall apply with respect to those Deferral and Company Contributions credited to the Plan after the effective date of the Investment Allocation Form but prior to the timely filing of a subsequent Investment Allocation Form and (ii) shall determine the manner in which such Deferral Contributions and Company Contributions, shall be initially allocated by the Participant among the various Hypothetical Investments within the Plan.

1.29 "Investment Re-allocation form" shall re-direct the manner in which earlier Deferral and Company Contributions, as well as any appreciation (or depreciation) to date, are invested with the Hypothetical Investments available in the Plan.

1.30 “1-Year Break in Service” means the applicable computation period during which an Employee has not completed more than 500 Hours of Service with the Company. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for “authorized leaves of absence” and “maternity and paternity leaves of absence.” Years of Service and 1-Year Breaks in Service shall be measured on the same computation period.

“Authorized leave of absence” means an unpaid, temporary cessation from active employment with the Company pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A “maternity or paternity leave of absence” means, for Plan Years beginning after December 31, 1984, an absence from work for any period by reason of the Participant’s pregnancy, birth of the Employee’s child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefor is necessary to prevent the Participant from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a “maternity or paternity leave of absence” shall be those which would normally have been credited but for such absence, or, in any case in which the Committee is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a “maternity or paternity leave of absence” shall not exceed 501.

1.31 “Participant” shall mean any member of the Board of Directors or any Employee (i) who has W-2 earnings and is selected to participate in the Plan in accordance with Section 2.1, (ii) who elects to participate in the Plan, (iii) who signs the applicable Enrollment Forms (and other forms required by the Committee) on a timely basis, and (iv) whose signed Enrollment Forms (and other required forms) are accepted by the Committee.

1.32 “Participation Agreement” shall mean the separate written agreement entered into by and between the Employer and the Participant, which shall indicate the Participant’s intent to defer compensation subject to the terms of the Plan and the Participation Agreement itself.

1.33 “Plan” shall mean the Genesco Inc. Deferred Income Plan which shall be evidenced by this instrument, each Participation Agreement and by each Enrollment Form, as they may be amended from time to time.

1.34 “Plan Year” shall mean the period beginning on January 1 of each year and ending December 31. The initial Plan Year shall begin on July 1 and end on December 31.

1.35 “Retirement,” “Retirees” or “Retired” shall mean, with respect to an Employee, severance from employment for any reason on or after the attainment of age fifty-five (55) if: (a) he has completed at least 5 Years of Service; and (b) the sum of his age and his whole Years of Service is equal to at least 70.

1.36 “Termination of Employment” shall mean with respect to an Employee, the voluntary or involuntary severing of employment with the Company for any reason other than Retirement or death. With respect to a Director, it shall mean the discontinuance of serving on the Board.

1.37 “Trust shall mean a grantor trust of the type commonly referred to as “rabbi trust” created to “informally fund” contingent benefits payable under the Plan.

1.38 “Vested Account Balances” shall mean, the Account Balances defined in Section 1.1 multiplied by the Vested Percentages of such Accounts as provided in Section 3.5.

1.39 “Year of Service” means the Plan Year (including years prior to the effective date of the Plan) during which the Participant has at least 1000 Hours of Service.

Notwithstanding the foregoing, for any short Plan Year, the determination of whether a Participant has completed a Year of Service shall be made in accordance with Department of Labor regulation 2530.203-2(c).

If any Former Participant is reemployed after a 1-Year Break in Service has occurred, Years of Service shall include Years of Service prior to his 1-Year Break in Service subject to the following rules:

(i) Any Former Participant who under the Plan does not have any vested interest in the Plan shall lose credits otherwise allowable if his consecutive 1-Year Breaks in Service equal or exceed the greater of (A) five (5) or (B) the aggregate number of his pre-break Years of Service.

(ii) After five (5) consecutive 1-Year Breaks in Service, a Former Participant’s Vested Account balance attributable to pre-break service shall not be increased as a result of post-break service.

ARTICLE 2
Eligibility, Selection, Enrollment

2.1 Eligibility, Selection by Committee. In addition to members of the Board of Directors, those employees who are (i) determined by the Company to be includable in a select group of management or highly compensated employees of the Company, (ii) specifically chosen by the Company to participate in the Plan, and (iii) approved for such participation by the Committee, in its sole discretion, shall be eligible to participate in the Plan subject to the enrollment requirements described in Section 2.2.

2.2 Enrollment Requirements. Each individual deemed eligible to participate in the Plan pursuant to Section 2.1, shall, as a condition to participating in the Plan, complete and return to the Committee all of the required Enrollment Forms, on a timely basis. In addition, the Committee shall in its sole discretion, establish such other enrollment requirements necessary for continued participation in the Plan.

2.3 Commencement of Participants. Provided a Participant has met all enrollment requirements set forth in this Plan and required by the Committee, including returning the Enrollment Forms and other required documents to the Committee within the specified time period, the Participant's participation shall commence as of the date established by the Committee in its sole discretion. If a Participant fails to meet all such requirements within the specified time period with respect to any Plan Year, the Participant shall not be eligible to participate during that Plan Year.

ARTICLE 3
Contributions, Investment Adjustments, Taxes and Vesting

3.1 Deferral Contributions.

(a) Election to Defer. A Participant may make an election to defer the receipt of amounts payable to the Participant, in the form of Director Fees or Compensation, with respect to any Plan Year; provided that any such election must be irrevocably made by December 31 of the Plan Year preceding the Plan Year to which the election shall relate; provided further, in the case of the first year in which a Participant becomes eligible to participate in the Plan, the Participant may make an irrevocable initial deferral election with thirty (30) days after the date the Participant becomes eligible to participate in the Plan, with respect to compensation paid for services to be performed after the election. Subject to the previous sentence, the Participant's intent to defer shall be evidenced by a Participation Agreement and Deferral Agreement, both completed and submitted to the Committee in accordance with such procedures and time frames as may be established by the Committee in its sole discretion. Amounts deferred by a Participant with respect to a given Plan year shall be referred to collectively as a Deferral Contribution and shall be credited to a Deferral Contribution Account established in the name of the Participant.

(b) Components of Deferral Contributions.

(i) Compensation. Each Participant who is an employee of the Company may elect to defer from 2% to 20% of his Compensation which would have been received in the Plan Year, but for the deferral election. Such percentage shall be withheld from each payment of Compensation.

(ii) Director Fees. A Participant who is a member of the Board may elect to defer up to 100% of his Director's Fees which would have been received in the Plan Year but for the deferred election. Such amount shall be withheld from each payment of Director Fees.

3.2 Company Contributions.

(a) Supplement to the Retirement Plan. Each Plan Year, the Company shall credit to the Company Contribution Account for each Participant whose benefits in the Retirement Plan for such Plan Year are reduced as a result of participating in this Plan for such Plan Year an amount equal to (A) minus (B) with (A) being the amount that would have been credited to the Participant's account in the Retirement Plan pursuant to Section 4.5(b) of such plan for the same Plan Year if the Participant had not deferred any Compensation pursuant to Section 3.1 of this Plan for such Plan Year and (B) being the amount credited to the Participant's account in the Retirement Plan pursuant to Section 4.5(b) of such Plan for the same Plan Year.

(b) Supplement to the Salary Deferral Plan. If a Participant contributes enough 401(k) contributions to the Salary Deferral Plan for a Plan Year so as to receive the maximum matching contribution available that year as a percent of compensation, then the Company shall credit an additional amount to his Company Contribution Account for such Participant for such Plan Year equal to (C) minus (D) with (C) being the amount that would have been contributed to the Salary Deferral Plan for the Participant as matching contributions for such Plan Year if the Participant had not deferred any Compensation pursuant to section 3.1 of this Plan and (D) being the amount that is contributed to the Salary Deferral Plan for the Participant as matching contributions for the same Plan Year.

3.3 Selection of Hypothetical Investments. The Participant shall, via his Investment Allocation Form(s), as more fully described in Section 1.28, and his Investment Re-Allocation Form(s), as more fully described in Section 1.29, select one or more Hypothetical Investments among which his various contributions shall be distributed. The Committee shall provide the Participant with a list of Hypothetical Investments available. From time to time, in the sole discretion of the Committee, the Hypothetical Investments available within the Plan may be revised. All Hypothetical Investment selections must be denominated in whole percentages. A Participant may make changes in his selected Hypothetical Investments from time to time via submission of a new Investment Allocation Form, as described in and subject to the language of Section 1.28 or submission of a new Investment Re-Allocation Form, as described in and subject to the language of Section 1.29.

3.4 Adjustment of Participant Accounts. While a Participant's accounts do not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Participant's accounts shall be adjusted in accordance with the Hypothetical Investment(s) chosen by the Participant on his (i) Investment Allocation Form or (ii) Investment Re-Allocation Form, subject to the conditions and procedures set forth herein or established by the Committee from time to time. The Participant's Accounts will be credited on a daily basis with the increase or decrease in the realizable net asset value and/or credited interest and dividend as applicable to the Hypothetical Investments. Any cash earnings generated under a Hypothetical Investment (such as interest and cash dividends and distributions) shall, at the Committee's sole discretion, either be deemed to be reinvested in the Hypothetical Investment or reinvested in one or more other Hypothetical Investment(s) designed by the Committee. All notional acquisitions and dispositions of Hypothetical Investments which occur within a Participant's accounts, pursuant to the terms of the Plan, shall be deemed to occur at such times as the Committee shall determine to be administratively feasible in its sole discretion and the Participant's accounts shall be adjusted accordingly. Notwithstanding anything to the contrary, any Investment Adjustments made to any Participants' accounts following a

Change in Control shall be made in a manner no less favorable to Participants than the practices and procedures employed under the Plan, or as otherwise in effect, as of the date of the Change in Control. For purposes of determining the amount to be distributed to a Participant, the Participant's Account Balance shall be valued as of the last day of the month preceding the month of the distribution.

3.5 Vesting. The Participant shall at all times be one hundred percent (100%) vested in his Deferral Contribution Account. The Participant shall become one hundred percent (100%) vested in his Company Contribution Account after the earlier of (1) being credited with five (5) Years of Service, (2) his death or (3) reaching the age of Retirement as defined in Section 1.35. The Participant shall be zero (0) vested in his Company Contribution Account immediately prior to the date he becomes one hundred percent (100%) vested as provided above.

ARTICLE 4
Suspension of Deferrals

4.1 Financial Emergencies. If a Participant experiences a Financial Emergency, the Participant may petition the Committee to suspend any deferrals required to be made by the Participant pursuant to his current Deferral Agreement. The Committee shall determine, in its sole discretion, whether to approve the Participant's petition. If the petition for a suspension is approved, suspension shall commence upon the date of approval and shall continue until the end of the Plan Year. All determinations pursuant to this Section 4.1 shall be made consistent with Section 409A of the Code and the regulations promulgated thereunder.

4.2 Leave of Absence. If a Participant is authorized by the Company for any reason to take an unpaid leave of absence from the employment of the Company, the Participant's deferrals shall be suspended until the earlier of the date the leave of absence expires or the Participant returns to a paid employment status. Upon such expiration or return, deferrals shall resume for the remaining portion of the Plan Year in which the expiration or return occurs, based on the Deferral Agreement, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld. If a Participant is authorized by the Company for any reason to take a paid leave of absence from the employment of the Company, the Participant shall continue to be considered employed by the Company and the appropriate amounts shall continue to be withheld from the Participant's compensation pursuant to the Participant's then current Deferral Agreement.

ARTICLE 5
In-Service Distributions

5.1 Elected Distribution from the Deferral Compensation Account. As noted in Section 1.4, at the time each deferral is made, a Participant may elect a Benefit Distribution Date for his Deferral Contribution Account prior to the Participant's Termination of Employment, but no sooner than three years from the end of the Plan Year of the deferral. At the time of such election, the Participant may elect to receive such distribution in a lump sum payment or in substantially equal annual payments over a period of up to fifteen (15) years. If no election is made as to the former payment, such distribution shall be made to the Participant on such Benefit Distribution Date in a lump sum payment. If the Participant elects annual payments, the initial installment shall be based on the value of the Participant's Deferral Contribution Account, measured on the Benefit Distribution Date elected, and shall be equal to 1/n ("n" being equal to the total number of annual benefit payments not yet distributed). Subsequent installment payments shall be computed in a consistent fashion, with the measurement date being the anniversary of the Original Measurement Date. In any case, if the Participant's Deferral Contribution Account is equal to or less than $10,000 on his elected Benefit Distribution Date, his benefits shall be paid out in a lump sum, regardless of his payment election.

5.2 Withdrawal in the Event of a Financial Emergency. A Participant who believes he has experienced a Financial Emergency may request in writing a withdrawal of a portion of his Accounts necessary to satisfy the emergency. Within fifteen (15) days of the request, the Committee shall determine, in its sole discretion, (i) whether a Financial Emergency has occurred, (ii) the amount reasonably required to satisfy the Financial Emergency as well as (iii) the accounts from which the withdrawal shall be made; provided, however, that the withdrawal shall not exceed the Participant's Vested Account Balances. In making any determinations under this Section 5.2, the Committee shall be guided by the prevailing authorities under the Code. If, subject to the sole discretion of the Committee, the petition for a withdrawal is approved, the distribution shall be made no later than the twentieth (20th) day of the month following the Benefit Distribution Date.

5.3 Loans. No loans are allowed under this Plan.

ARTICLE 6
Benefit Upon Termination of Employment

6.1 Termination Benefit. In the event the Participant's Benefit Distribution Date is triggered due to his Termination of Employment (as such term is defined in Section 1.36), the Participant shall receive his Vested Account Balances in a lump sum payment no later than the twentieth (20th) day of the month following the Benefit Distribution Date.

6.2 Death Prior to Payment of Termination Benefit. If a Participant dies after his Termination of Employment but before his Vested Account Balances are paid to him, such benefit shall be paid to the Participant's Beneficiary in a lump sum payment no later than the twentieth (20th) day of the month following the Benefit Distribution Date.

ARTICLE 7
Benefit Upon Retirement

7.1 Retirement Benefit. In the event the Participant's Benefit Distribution Date is triggered due to his Retirement (as such term is defined in Section 1.35), the Participant shall receive his Vested Account Balances as provided in Article 9 and such benefits shall commence (or be fully paid, in the event a lump sum form of distribution was selected) no later than the twentieth (20th) day of the month following the date of the Benefit Distribution Date.

7.2 Death Prior to Completion of Retirement Benefit. If a Participant dies after Retirement but before the benefits have commenced or been paid in full, the Participant's unpaid benefit payments shall continue to be paid to the Participant's Beneficiary in the form designated by the Participant at deferral until the Participant's remaining Vested Account Balances have been depleted.

ARTICLE 8
Pre-Retirement Death Benefit

8.1 Pre-Retirement Death Benefit. In the event the Participant's Benefit Distribution Date is triggered due to his death during employment or service on the Board, the Participant's Beneficiary shall receive the pre-retirement death benefit described below and no other benefits shall be payable under the Plan.

8.2 Payment of Pre-Retirement Death Benefit. The pre-retirement death benefit shall be paid to the Beneficiary in the forms selected by the Participant pursuant to Article 9 and shall commence (or be fully paid in the event a lump sum form of distribution was selected) no later than sixty (60) days after the death of the Participant.

ARTICLE 9
Form of Distributions; Payment Delays

9.1 Distribution Elections. Unless the Participant elects otherwise, his Benefit provided for in Articles 7 and 8 shall be paid in a lump sum. However, at the time of a deferral election, a Participant who is an Employee may elect to have his Account Balances attributable to Contributions made on or after such election and before any subsequent elections paid in substantially equal annual payments over a period of up to fifteen (15) years. The initial installment shall be based on the value of the Participant's Vested Account Balances, measured on his Benefit Distribution Date and shall be equal to 1/n (where "n" is equal to the total number of annual benefit payments not yet distributed). Subsequent installment payments shall be computed in a consistent fashion, with the measurement date being the anniversary of the Original Measurement Date. In the event the Participant's Vested Account Balances are equal to or less than $10,000, his benefit shall be paid out in a lump sum.

9.2 Effect of Section 409A of the Code. It is intended that (1) each installment of the payments provided under this Plan is a separate "payment" for purposes of Section 409A of the Code ("Section 409A"), and (2) that the payments satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(9)(iii), and 1.409A-1(b)(9)(v). Notwithstanding anything to the contrary in this Plan, if the Company determines (i) that on the date a Participant's employment with the Company terminates or at such other time that the Company determines to be relevant, the Participant is a "specified employee" (as such term is defined under Treasury Regulation Section 1.409A-1(i)(1)) of the Company and (ii) that any payments to be provided to the Participant pursuant to this Plan are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code ("Section 409A Taxes") if provided at the time otherwise required under this Plan, then such payments shall be delayed until the date that is six months after the date of the Participant's "separation from service" (as such term is defined under Treasury Regulation Section 1.409A-1(h)) with the Company, or such shorter period that, as determined by the Company, is sufficient to avoid the imposition of Section 409A Taxes.

ARTICLE 10
Beneficiary Designation

10.1 Beneficiary. Each Participant shall have the right, at any time, to designate a Beneficiary or Beneficiaries to receive, in the event of the Participant's death, those benefits payable under the Plan. The Beneficiary(ies) designated under this Plan may be the same as or different from the Beneficiary designation made under any other plan of the Company.

10.2 Beneficiary Designation; Change; Spousal Consent. A Participant shall designate his Beneficiary by completing and signing a Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change his Beneficiary by completing, signing and submitting to the Committee a revised Beneficiary Designation Form in accordance with the Committee's rules and procedures, as in effect from time to time. Upon acknowledgment by the Committee of a revised Beneficiary Designation Form, all Beneficiary designations previously filed shall be deemed canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form both (i) filed by the Participant and (ii) acknowledged by the Committee, prior to his death.

10.3 Acknowledgment. No designation or change in designation of a Beneficiary shall be effective until received, accepted and acknowledged in writing by the Committee or its designated agent.

10.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the benefits remaining under the Plan shall be payable to the executor or personal representative of the Participant's estate.

10.5 Doubt as to Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Company to withhold such payments until this matter is resolved to the Committee's satisfaction.

10.6 Discharge of Obligations. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Company and the Committee from all further obligations under this Plan with respect to the Participant, and the Participant's Participation Agreement shall terminate upon such full payment of benefits.

ARTICLE 11
Termination, Amendment or Modification

11.1 Termination or Suspension. The Company reserves the right, at any time, to terminate the Plan. The Plan, but not the Trust, automatically shall terminate upon the dissolution of the Company or upon its merger into or consolidation with any other corporation or business organization if there is a failure by the surviving corporation or business organization to adopt specifically and agree to continue the Plan. Upon the termination of suspension of the Plan, all amounts credited to the accounts of each affected Participant shall become fully vested.

11.2 Amendment. The Company may, at any time, amend or modify the Plan in whole or in part by the actions of the board; provided, however, that (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification, or, if the amendment or modification occurs after the date upon which the participant was eligible to Retire, calculated as if the Participant had retired as of the effective date of the amendment and modification, and (ii) except as specifically provided in Section 10.1, no amendment or modification shall be made after a Change in Control which adversely affects the vesting, calculation or payment of benefits hereunder or diminishes any other rights or protections any Participant or Beneficiary would have had, but for such amendment or modification, unless each affected Participant or Beneficiary consents in writing to such amendment.

11.3 Effect of Payment. The full payment of the applicable benefit under the provisions of the Plan shall completely discharge all obligations to a Participant and his designated Beneficiaries under this Plan and each of the Participant's Participation Agreements shall terminate.

ARTICLE 12
Administration

12.1 Committee Duties. This Plan shall be administered by a Committee which shall consist of the Board, or such committee as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) mark, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (ii) decide or resolve any and all questions including interpretations of this Plan, as may arise in the connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by Participant or the Company.

12.2 Agents. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to the Company.

12.3 Binding Effect of Decisions. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

12.4 Indemnity of Committee. The Company shall indemnify and hold harmless the members of the Committee, and any Employee to whom duties of the Committee may be delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee or any of its members or any such employee.

12.5 Employer Information. To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee may reasonably require.

ARTICLE 13
Other Benefits and Agreements

The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Company. The Plan shall supplement and shall not supersede, modify or amend any other such plan or programs except as may otherwise be expressly provided.

ARTICLE 14
Claims Procedures

14.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. The claim must state with particularity the determination desired by the Claimant. All other claims must be made within one hundred eighty (180) days of the date on which the event had caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claiming.

14.2 Notification of Decision. The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 14.3 below.

14.3 Review of a Denied Claim. Within sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, but not later than thirty (30) days after the review procedure began, the Claimant (or the Claimant's duly authorized representative):

(a) may review pertinent documents;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

14.4 Decision on Review. The Committee shall render its decision on review promptly, and not later than sixty (60) days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Committee's decision must be rendered within one hundred twenty (120) days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and

(c) such other matters as the Committee deems relevant.

ARTICLE 15
Trust

15.1 Establishment of the Trust. The Company may establish one or more Trusts to which they may transfer such assets as the Company determines in its sole discretion to assist in meeting their obligations under the Plan.

15.2 Interrelationship of the Plan and the Trust. The provisions of the Plan and the Participation Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the Trust.

15.3 Distributions from the Trust. The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company's obligations under this Agreement.

ARTICLE 16
Miscellaneous

16.1 Status of Plan. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA. The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent. All Participant accounts and all credits and other adjustments to such Participant accounts shall be bookkeeping entries only and shall be utilized solely as a device for the measurement and determination of amounts to be paid under the Plan. No Participant accounts, credits or other adjustments under the Plan shall be interpreted as an indication that any benefits under the Plan are in any way funded.

16.2 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company. For purposes of the payment of benefits under this Plan, any and all of the Company's assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

16.3 Company's Liability. The Company's liability for the payment of benefits shall be defined only by the Plan and the Participation Agreement, as entered into between the Company and a Participant. The Company shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his Participation Agreement.

16.4 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in action receipt, the amount, if any, payable hereunder, or any part thereof, which are, and all right to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owned by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

16.5 Not a Contract of Employment. Under the terms and conditions of this Plan and the Participation Agreement, this Plan shall not be deemed to constitute a contract of employment between the Company and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, except as otherwise provided in a written employment agreement. Nothing in this Plan or any Participation Agreement shall be deemed to give a Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge the Participant at any time.

16.6 Furnishing Information. A Participant or his Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

16.7 Terms. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

16.8 Captions. The captions of the articles, sections or paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

16.9 Governing Law. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Tennessee without regard to its conflicts of laws principles.

16.10 Notice. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Genesco Inc.
P. O. Box 731
Nashville, Tennessee 37202
Attention: General Counsel

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

16.11 Successors. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant’s designated Beneficiaries.

16.12 Validity. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

16.13 Incompetent. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

16.14 Distribution in the Event of Taxation. If, for any reason, all or any portion of a Participation's benefit under this Plan becomes taxable to the Participant prior to a receipt, a Participant may petition the Committee or the trustee of the Trust, as applicable, for a distribution of that portion of his benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Company shall distribute to the Participant immediately, funds in an amount equal to the taxable portion of his benefit (which amount shall not exceed a Participant's unpaid Account Balances under the Plan). If the petition is granted, the tax liability distribution shall be made within ninety (90) days of the date when the participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.

16.15 Insurance. The Company, on its own behalf or on behalf of the trustee of the Trust, and, in its sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Company or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Company shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Company has applied for insurance.

Exhibit (10)u.

AMENDED AND RESTATED
GENESCO EMPLOYEE STOCK PURCHASE PLAN
(as amended effective August 22, 2007)

ARTICLE I.
INTRODUCTION

1.1 Establishment of Plan

Genesco Inc., a Tennessee corporation ("Genesco") with principal offices located in Nashville, Tennessee, adopts the following employee stock purchase plan for its eligible employees, effective on October 1, 1995, as amended effective October 1, 2005, and August 22, 2007, subject to Section 3.1. This Plan shall be known as the Genesco Employee Stock Purchase Plan.

1.2 Purpose

The purpose of this Plan is to provide an opportunity for eligible employees of the Employer to become shareholders in Genesco. It is believed that broad-based employee participation in the ownership of the business will help to achieve the unity of purpose conducive to the continued growth of the Employer and to the mutual benefit of its employees and shareholders.

1.3 Qualification

This Plan is intended to be an employee stock purchase plan which qualifies for favorable Federal income tax treatment under Section 423 of the Code and is intended to comply with the provisions thereof, including the requirement of Section 423(b)(5) of the Code that all Employees granted options to purchase Shares under the Plan have the same rights and privileges with respect to such options.

1.4 Rule 16b-3 Compliance

This Plan is intended to comply with Rule 16b-3 under the Securities Exchange Act of 1934, and should be interpreted in accordance therewith.

ARTICLE II.
DEFINITIONS

As used herein, the following words and phrases shall have the meanings specified below:

2.1 Closing Market Price

The last sale price of the Shares as reported on the New York Stock Exchange on the date specified or, if no sales occurred on such day, on the most recent day when sales occurred; but if there should be any material alteration in the present system of reporting sales prices of such Shares, or if such Shares should no longer be listed on the New York Stock Exchange, the market value of the Shares as of a particular date shall be determined in such a method as shall be specified by the Plan Administrator.

2.2 Code

The Internal Revenue Code of 1986, as amended from time to time.

2.3 Contribution Account

The account established on behalf of a Participant to which shall be credited the amount of the Participant's contribution, pursuant to Article V.

2.4 Employee

Each employee of an Employer (a) who is not a Highly Compensated employee as described in Code Section 414(q), (b) who is not a Statutory Insider, and (c) whose customary employment by the Employer is greater than 20 hours per week and greater than five months per year.

2.5 Employer

Genesco or any corporation (i) which is a Subsidiary of Genesco, (ii) which is authorized by the Board of Directors to adopt this Plan with respect to its Employees, and (iii) which adopts this Plan. The term "Employer" shall include any corporation into which an Employer may be merged or consolidated or to which all or substantially all of its assets may be transferred, provided such corporation does not affirmatively disavow this Plan.

2.6 Exercise Date

The last trading date of the Plan Year on the New York Stock Exchange.

2.7 Exercise Price

The price per share of the Shares to be charged to Participants at the Exercise Date, as determined in Section 6.3.

2.8 Five-Percent Shareholder

An Employee who owns five percent or more of the total combined voting power or value of all classes of stock of Genesco or any Subsidiary thereof. In determining this five percent test, shares of stock which the Employee may purchase under outstanding options, as well as stock attributed to the Employee under Section 424(d) of the Code, shall be treated as stock owned by the Employee in the numerator, but shares of stock which may be issued under options shall not be counted in the total of outstanding shares in the denominator.

2.9 Grant Date

The first trading day on the New York Stock Exchange on or after October 1 of each year.

2.10 Participant

Any Employee of an Employer who has met the conditions for eligibility as provided in Article IV and who has elected to participate in the Plan.

2.11 Plan

The Genesco Employee Stock Purchase Plan.

2.12 Plan Administrator

The committee composed of one or more individuals to whom authority is delegated by Genesco’s board of directors to administer the Plan. The Plan Administrator shall initially be the Compensation Committee of Genesco’s board of directors.

2.13 Plan Year

The Plan year shall be coterminous with the fiscal year of Genesco. The enrollment year shall be the first day of October and ending on the last day of September in the following calendar year. The initial enrollment year commenced on October 1, 1995. The 2007 Plan Year (February 1, 2007 to January 31, 2008) and the 2006 enrollment year (October 1, 2006 to September 30, 2007) shall each respectively end on September 28, 2007 and the 2007 Plan and the 2006 enrollment year shall be the final Plan Year and enrollment year under this Plan.

2.14 Shares

Those shares of common stock of Genesco which are reserved pursuant to Section 6.1 for issuance upon the exercise of options granted under this Plan.

2.15 Statutory Insider

Any individual subject to Section 16(a) of the Securities Exchange Act of 1934, as amended, and any other person so designated by resolution of the Board of Directors.

2.16 Subsidiary

Any corporation (other than Genesco) in an unbroken chain of corporations beginning with Genesco if, at the time of the granting of the option, each of the corporations other than the last corporation in the chain owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in such chain.

2.17 Merger Agreement

The Agreement and Plan of Merger by and among The Finish Line, Inc., Headwind, Inc. and Genesco Inc. dated June 17, 2007.

ARTICLE III.
SHAREHOLDER APPROVAL

3.1 Shareholder Approval of Plan

If the Plan is not approved by the shareholders of Genesco before October 1, 1995, it shall not take effect.

3.2 Shareholder Approval for Certain Amendments

Without the approval of the shareholders of Genesco, no amendment to this Plan shall:

(i) increase the number of Shares reserved under the Plan, other than as provided in Section 10.3;

(ii) make participation in the Plan available to any person who is not an Employee; or

(iii) make participation in the Plan available to employees or any corporation other than Genesco or any Subsidiary which adopts the Plan.

Approval by shareholders must comply with applicable provisions of the corporate charter and bylaws of Genesco, and with Tennessee law prescribing the method and degree of shareholder approval required for issuance of corporate stock or options.

ARTICLE IV.
ELIGIBILITY AND PARTICIPATION

4.1 Conditions

Each Employee shall become eligible to become a Participant on October 1, 1995 or any October 1 thereafter if such Employee has been employed by the Employer for a continuous period of at least six months prior to such date. No Employee who is a Five-Percent Shareholder shall be eligible to participate in the Plan. Notwithstanding anything to the contrary contained herein, no individual who is not an Employee shall be granted an option to purchase Shares under the Plan.

4.2 Application for Participation

Each Employee who becomes eligible to participate shall be furnished a summary of the Plan and an enrollment form. If such Employee elects to participate hereunder, he shall complete such form and file it with his Employer no later than the next September 15. The completed enrollment form shall indicate the amount of Employee contribution authorized by the

Employee. If no new enrollment form is filed by a Participant in advance of any Plan Year after the initial Plan Year, that Participant shall be deemed to have elected to continue to participate with the same contribution previously elected (subject to the limit of 15% of base pay).

4.3 Date of Participation

All Employees who elect to participate shall be enrolled in the Plan commencing with the first paydate after the October 1 following their submission of the enrollment form. Upon becoming a Participant, the Participant shall be bound by the terms of this Plan, including any amendments whenever made.

ARTICLE V.
CONTRIBUTION ACCOUNT

5.1 Employee Contributions

The enrollment form signed by each Participant shall authorize the Employer to deduct from the Participant's compensation an after-tax amount in an exact number of dollars during each payroll period which may not be less than five dollars ($5.00) nor more than 15% of the Participant's base pay on the October 1 on which his enrollment is effective. The term "base pay" shall be determined before subtracting any of the Employee's contributions to the Genesco 401(k) plan and the Flexible Spending Accounts Plan. The dollar amount deducted on each paydate shall be credited to the Participant's Contribution Account. No interest will accrue on any contributions or on the balance in a Participant's Contribution Account. The Company's obligations to Participants with respect to the Contributions under the Plan are unfunded and unsecured and Participants, their heirs and Legal Representatives are unsecured general creditors with no legal rights or claims to any particular assets of the Company. No Participant contributions shall be accepted by the Employer under this Plan after September 28, 2007.

5.2 Modification of Contribution Rate

No change shall be permitted in a Participant's amount of withholding except upon October 1, and then only if the Participant files a new enrollment form with the Employer at least 15 days in advance of such date designating the desired withholding rate; except that a Participant may notify the Employer at any time (except during the period from September 15 through September 30) that he wishes to discontinue his contributions. This notice shall be in writing and on such forms as provided by the Employer and shall become effective as of a date provided on the form not more than 30 days following its receipt by the Employer. If a Participant discontinues his or her participation in the Plan, the Participant may withdraw his or her account balance or leave the account balance in the Plan and his or her election to purchase for such enrollment year shall remain in effect. If the election to purchase is not subsequently withdrawn and the Participant does not terminate employment, the account balance will be applied to the purchase of Shares on the Exercise Date.

5.3 Withdrawal of Contributions

A Participant may elect to withdraw the balance of his Contribution Account at any time during the Plan Year prior to the Exercise Date (except during the period from September 15 through September 30). The option granted to a Participant shall be canceled upon his withdrawal of the balance in his Contribution Account. The election to withdraw must be in writing on such forms as may be provided by the Employer. No further contributions may be made with respect to a Plan Year in which a withdrawal occurs.

ARTICLE VI.
ISSUANCE AND EXERCISE OF OPTIONS

6.1 Reserved Shares of Stock

Genesco has reserved 1,000,000 Shares for issuance upon exercise of the options granted under this Plan. Subject to adjustment pursuant to Section 10.3, the aggregate number of Shares which may be purchased by Participants pursuant to options granted under the Plan shall not exceed the number of Shares reserved hereunder. Shares may, however, be originally issued by Genesco or purchased by Genesco on the open market, in the discretion of the Plan Administrator.

6.2 Issuance of Options

On the Grant Date each Participant shall be deemed to receive an option to purchase a number of Shares at an Exercise Price determined as provided in this Article VI.

6.3 Determination of Exercise Price

The Exercise Price of the options granted under this Plan for any Plan Year shall be ninety-five percent (95%) of the Closing Market Price of the Shares on the Exercise Date.

6.4 Purchase of Shares

On an Exercise Date, all of the options which were granted on the previous Grant Date and which have not subsequently been canceled pursuant to the provisions of the Plan shall be automatically exercised. The Contribution Account of each Participant shall be used to purchase the number of whole Shares determined by dividing the Exercise Price into the balance of the Participant’s Contribution Account. Any money remaining in a Participant’s Contribution Account representing a fractional share shall remain in his Contribution Account to be used in the next Plan Year along with new contributions in the next Plan Year; provided, however, that if the Participant does not enroll for the next Plan Year, the balance remaining shall be returned to him in cash.

6.5 Terms of Options

Options granted under this Plan shall be subject to such amendment or modification as the Plan Administrator shall deem necessary to comply with any applicable law or regulation, including but not limited to Section 423 of the Code, and shall contain such other provisions as the Plan Administrator shall from time to time approve and deem necessary.

6.6 Limitations on Options

The options granted hereunder are subject to the following limitations:

(a) The maximum number of Shares which may be purchased by any Participant on an Exercise Date shall be equal to the lesser of

(i) 2,000 shares, or

(ii) $10,000 divided by the Closing Market Price on the Grant Date in that Plan Year.

The maximum number of Shares as determined above shall be adjusted upon the occurrence of an event described in Section 10.3.

(b) No option may be granted to a Participant if immediately after the option is granted the Participant would be a Five-Percent Shareholder.

(c) No Participant may assign, transfer or otherwise alienate any options granted to him under this Plan, otherwise than by will or the laws of descent and distribution, and such options may be exercised during the Participant's lifetime only by him.

6.7 Pro-Rata Reduction of Optioned Shares

If the total number of Shares to be purchased under option by all Participants on an Exercise Date exceeds the number of Shares remaining authorized for issuance under Section 6.1, a pro-rata allocation of the Shares available for issuance will be made among the Participants in proportion to their respective Contribution Account balances on the Exercise Date, and any money remaining in the Contribution Accounts shall be returned to the Participants.

6.8 State Securities Laws

Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to issue Shares to any Participant if to do so would violate any State securities law applicable to the sale of Shares to such Participant. In the event that the Company refrains from issuing Shares to any Participant in reliance on this Section, the Company shall return to such Participant the amount in such Participant's Contribution Account that would otherwise have been applied to the purchase of Shares.

ARTICLE VII.
TERMINATION OF PARTICIPATION

7.1 Termination of Employment

Any Employee whose employment with the Employer is terminated during the Plan Year for any reason except death, disability or retirement at or after age 55 shall cease being a Participant immediately. The balance of that Participant's Contribution Account shall be paid to such Participant as soon as practical after his termination. The options granted to such Participant shall be canceled as of the date of termination.

7.2 Death

If a Participant should die while employed by the Employer, no further contributions on behalf of the deceased Participant shall be made. The legal representative of the deceased Participant may elect to withdraw the balance in such Participant's Contribution Account by notifying the Employer in writing prior to the Exercise Date in the Plan Year during which the Participant died (except during the period from September 15 through September 30). In the event that no election to withdraw is made on or before the September 15 preceding the Exercise Date, the balance accumulated in the deceased Participant's Contribution Account shall be used to purchase Shares in accordance with Section 6.4. Any money remaining which is insufficient to purchase a whole Share shall be paid to the legal representative.

7.3 Retirement

If a Participant should retire from the employment of the Employer at or after attaining age 55, no further contributions on behalf of the retired Participant shall be made. The Participant may elect to withdraw the balance in his Contribution Account by notifying the Employer in writing prior to the Exercise Date in the Plan Year during which the Participant retired (except during the period from September 15 through September 30). In the event that no election to withdraw is made on or before the September 15 preceding the Exercise Date, the balance accumulated in the retired Participant's Contribution Account shall be used to purchase Shares in accordance with Section 6.4, and any money remaining which is insufficient to purchase a whole Share shall be paid to the retired Participant.

7.4 Disability

If a Participant should terminate employment with the Employer on account of disability, as determined by reference to the definition of "disability" in the Employer's long-term disability plan, no further contributions on behalf of the disabled Participant shall be made. The Participant may elect to withdraw the balance in his Contribution Account by notifying the Employer in writing prior to the Exercise Date in the Plan Year during which the Participant became disabled (except during the period from September 15 through September 30). In the event no election to withdraw is made on or before the September 15 preceding the Exercise Date, the balance accumulated in the disabled Participant's Contribution Account shall be used to purchase Shares in accordance with Section 6.4, and any money remaining which is insufficient to purchase a whole Share shall be paid to the disabled Participant.

ARTICLE VIII.
OWNERSHIP OF SHARES

8.1 Share Ownership; Form

The Shares purchased by a Participant on an Exercise Date shall, for all purposes, be deemed to have been issued and/or sold at the close of business on such Exercise Date. Prior to that time, none of the rights or privileges of a shareholder of Genesco shall inure to the Participant with respect to such Shares. All the Shares purchased under the Plan shall be delivered by the Company in the manner determined by the Plan Administrator.

The Plan Administrator, in its sole discretion, may determine that the Shares shall be delivered by (i) issuing and delivering to the Participant a certificate for the number of Shares purchased by such Participant on an Exercise Date, (ii) issuing and delivering a certificate or certificates for the number of Shares purchased by all Participants on an Exercise Date to a member firm of the New York Stock Exchange which is also a member of the National Association of Securities Dealers, as selected by the Plan Administrator from time to time, which Shares shall be maintained by such member firm in separate brokerage accounts for each Participant or (iii) issuing and delivering a certificate or certificates for the number of Shares purchased by all Participants on an Exercise Date to a bank or trust company or affiliate thereof, as selected by the Plan Administrator from time to time, which Shares shall be maintained by such Bank or trust company or affiliate in separate accounts for each Participant. Each certificate or account, as the case may be, may be in the name of the Participant or, if the Participant designates on the form prescribed by the Plan Administrator, in the Participant’s name jointly with another individual, with the right of survivorship. Such designation may be changed by filing notice thereof.

8.2 Premature Sale of Shares

If a Participant (or former Participant) sells or otherwise disposes of any Shares obtained under this Plan prior to two years after the Grant Date of the option under which such shares were obtained, that Participant (or former Participant) must notify the Employer immediately in writing concerning such disposition.

8.3 Transfer of Ownership

A Participant who purchases Shares under this Plan shall be transferred at such time substantially all of the rights of ownership of such Shares in accordance with the Treasury Regulations promulgated under Section 423 of the Code as in effect on the effective date of this restatement of the Plan. Such rights of ownership shall include the right to vote, the right to receive declared dividends, the right to share in the assets of the Employer in the event of liquidation, the right to inspect the Employer’s books and the right to pledge or sell such Shares subject to the restrictions in the Plan.

ARTICLE IX.
ADMINISTRATION AND AMENDMENT

9.1 Administration

The Plan Administrator shall (i) administer the Plan and keep records of the Contribution Account balance of each Participant, (ii) interpret the Plan, and (iii) determine all questions arising as to eligibility to participate, amount of contributions permitted, determination of the Exercise Price, and all other matters of administration. The Plan Administrator shall have such duties, powers and discretionary authority as may be necessary to discharge the foregoing duties, and may delegate any or all of the foregoing duties to any individual or individuals (including officers of Genesco or other Employees who are Participants). The Board of Directors shall have the right at any time and without notice to remove or replace any individual or committee of individuals serving as Plan Administrator. All determinations by the Plan Administrator shall be conclusive and binding on all persons. Any rules, regulations, or procedures that may be necessary for the proper administration or functioning of this Plan that are not covered in this Plan document shall be promulgated and adopted by the Plan Administrator.

9.2 Amendment

The board of directors of Genesco may at any time amend the Plan in any respect, including termination of the Plan, without notice to Participants. If the Plan is terminated, all options outstanding at the time of termination shall be immediately canceled and the balance in each Participant’s Contribution Account shall be paid to that Participant. Notwithstanding the foregoing, no amendment of the Plan as described in Article III shall become effective until and unless such amendment is approved by the shareholders of Genesco.

ARTICLE X.
MISCELLANEOUS

10.1 Expenses

The Employer will pay all expenses of administering this Plan that may arise in connection with the Plan.

10.2 No Contract of Employment

Nothing in this Plan shall be construed to constitute a contract of employment between an Employer and any Employee or to be an inducement for the employment of any Employee. Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the service of an Employer or to interfere with the right of an Employer to discharge any Employee at any time, with or without cause, regardless of the effect which such discharge may have upon him as a Participant of the Plan.

10.3 Adjustment Upon Changes in Shares

The aggregate number of Shares reserved for purchase under the Plan as provided in Section 6.1, and the calculation of the Exercise Price as provided in Section 6.3, shall be adjusted by the Plan Administrator (subject to direction by the Board of Directors) in an equitable manner to reflect changes in the capitalization of Genesco, including, but not limited to, such changes as result from merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, combination of shares, exchange of shares and change in corporate structure. If any adjustment under this Section 10.3 would create a fractional share or a right to acquire a fractional share, such fractional share shall be disregarded and the number of shares available under the Plan and the number of shares covered under any options granted pursuant to the Plan shall be the next lower number of shares, rounding all fractions downward.

10.4 Merger Agreement

(a) The Plan shall termination upon the "Effective Time" as set forth in the Merger Agreement

(b) Notwithstanding Sections 2.13, 5.1 and paragraph 10.4(a), in the event the Merger Agreement is terminated for any reason, a new "short" Plan Year and enrollment year shall begin, and Participant contributions shall recommence, on the first day of the month following the month in which the termination shall have occurred.

10.5 Employer's Rights

The rights and powers of any Employer shall not be affected in any way by its participation in this Plan, including but not limited to the right or power of any Employer to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

10.6 Limit on Liability

No liability whatever shall attach to or be incurred by any past, present or future shareholders, officers or directors, as such, or Genesco or any Employer, under or by reason of any of the terms, conditions or agreements contained in this Plan or implied therefrom, and any and all liabilities of any and all rights and claims against Genesco, an Employer, or any shareholder, officer or director as such, whether arising at common law or in equity or created by statute or constitution or otherwise, pertaining to this Plan, are hereby expressly waived and released by every Participant as a part of the consideration for any benefits under this Plan; provided, however, no waiver shall occur, solely by reason of this Section 10.5, of any right which is not susceptible to advance waiver under applicable law.

10.7 Gender and Number

For the purposes of the Plan, unless the contrary is clearly indicated, the use of the masculine gender shall include the feminine, and the singular number shall include the plural and vice versa.

10.8 Governing Law

The validity, construction, interpretation, administration and effect of this Plan, and any rules or regulations promulgated hereunder, including all rights or privileges of any Participants hereunder, shall be governed exclusively by and in accordance with the laws of the State of Tennessee, except that the Plan shall be construed to the maximum extent possible to comply with Section 423 of the Code and the Treasury regulations promulgated thereunder.

10.9 Headings

Any headings or subheadings in this Plan are inserted for convenience of reference only and are to be ignored in the construction of any provisions hereof.

10.10 Severability

If any provision of this Plan is held by a court to be unenforceable or is deemed invalid for any reason, then such provision shall be deemed inapplicable and omitted, but all other provisions of this Plan shall be deemed valid and enforceable to the full extent possible under applicable law.

Exhibit (21)

SUBSIDIARIES OF THE REGISTRANT

Subsidiaries of the Company:

Names of Subsidiary	Place of Incorporation	Percent of Voting Securities Owned by Registrant
Beagen Street Corporation	Delaware	100
Flagg Bros. of Puerto Rico, Inc.	Delaware	100
GCO Properties, Inc.	Tennessee	100
Genesco Brands, Inc.	Delaware	100
Genesco Global, Inc.	Delaware	100
Genesco Merger Company Inc.	Tennessee	100
Genesco Virgin Islands	Virgin Islands	100
Genesco World Apparel, Ltd.	Delaware	100
Hat World Corporation	Delaware	100
GCO Canada Inc.	Canada	100
Hat World, Inc.	Minnesota	100
Hatworld.com, Inc.	South Dakota	100
Hat Shack, Inc.	Georgia	100

Exhibit (24)

POWER OF ATTORNEY

The undersigned, certain of the officers and directors of Genesco Inc., a Tennessee corporation ("Genesco"), do hereby constitute and appoint Roger G. Sisson and James S. Gulmi, and any one of them, to act severally as attorneys-in-fact for and in their respective names, places and steads, with full power of substitution, to execute, sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K of Genesco for the fiscal year ended February 2, 2008, and any and all amendments thereto; granting to said attorneys-in-fact, and each of them, full power and authority to do and perform every act and thing whatsoever requisite or necessary to be done in and about the premises as fully to all intents and purposes as the undersigned or any of them might or could do if personally present, and the undersigned do hereby ratify and confirm all that said attorney-in-fact or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed this 27th day of February, 2008

/s/ Hal N. Pennington
Hal N. Pennington, Chairman and
Chief Executive Officer and a Director

/s/ Robert J. Dennis
Robert J. Dennis, President and
Chief Operating Officer and a Director

/s/ James S. Beard
James S. Beard, Director

/s/ Leonard L. Berry
Leonard L. Berry, Director

/s/ William F. Blaufuss, Jr.
William F. Blaufuss, Jr., Director

/s/ James W. Bradford
James W. Bradford, Director

/s/ Robert V. Dale
Robert V. Dale, Director

/s/ James S. Gulmi
James S. Gulmi, Senior Vice President-Finance
(Principal Financial Officer)

/s/ Matthew C. Diamond
Matthew C. Diamond, Director

/s/ Marty G. Dickens
Marty G. Dickens, Director

/s/ Ben T. Harris
Ben T. Harris, Director

/s/ Kathleen Mason
Kathleen Mason, Director

/s/ William A. Williamson, Jr.
William A. Williamson, Jr., Director

Exhibit 31.1

Certification of Chief Executive Officer

I, Hal N. Pennington, certify that:

1. I have reviewed this annual report on Form 10-K of Genesco Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 2, 2008

/s/ Hal N. Pennington

Hal N. Pennington
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

I, James S. Gulmi, certify that:

1. I have reviewed this annual report on Form 10-K of Genesco Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 2, 2008

/s/ James S. Gulmi
James S. Gulmi
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Genesco Inc. (the “Company”) on Form 10-K for the period ended February 2, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Hal N. Pennington, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Hal N. Pennington

Hal N. Pennington
Chief Executive Officer
April 2, 2008

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Genesco Inc. (the "Company") on Form 10-K for the period ended February 2, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James S. Gulmi, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James S. Gulmi

James S. Gulmi
Chief Financial Officer
April 2, 2008

Exhibit 99

AUDITED FINANCIAL STATEMENTS

Genesco Employee Stock Purchase Plan
As of February 2, 2008 and February 3, 2007 and for Each of the Three Fiscal Years in the Period Ended February 2, 2008 with Report of Independent Registered Public Accounting Firm

Genesco Employee Stock Purchase Plan

Audited Financial Statements

February 2, 2008 and February 3, 2007

Contents

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator
of the Genesco Employee Stock Purchase Plan

We have audited the accompanying statements of financial condition of the Genesco Employee Stock Purchase Plan as of February 2, 2008 and February 3, 2007 and the related statements of income and changes in plan equity for each of the three fiscal years in the period ended February 2, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of the Genesco Employee Stock Purchase Plan at February 2, 2008 and February 3, 2007, and the income and changes in plan equity for each of the three fiscal years in the period ended February 2, 2008, in conformity with U. S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 31, 2008

Genesco Employee Stock Purchase Plan

Statements of Financial Condition

Assets	February 2, 2008	February 3, 2007
Due from Genesco Inc.	$ -0-	$ 123,167
Total Assets	$ -0-	$ 123,167
Liabilities and Plan Equity		
Plan equity	$ -0-	$ 123,167
Total Liabilities and Plan Equity	$ -0-	$ 123,167

See accompanying notes.

Genesco Employee Stock Purchase Plan

Statements of Income and Changes in Plan Equity

	For the Fiscal Year Ended		
	February 2, 2008	February 3, 2007	January 28, 2006
Employee contributions	$ 185,981	$ 391,239	$ 512,382
Options exercised	(210,920)	(320,485)	(508,053)
Distributions to withdrawn participants	(98,228)	(93,847)	(44,763)
Net decrease in plan equity	(123,167)	(23,093)	(40,434)
Plan equity at beginning of year	123,167	146,260	186,694
Plan Equity at End of Year	$ -0-	$ 123,167	$ 146,260

See accompanying notes.

Genesco Employee Stock Purchase Plan
Notes to Financial Statements

Note 1
Summary of Significant Accounting Policies

Basis of Accounting

The records of the Genesco Employee Stock Purchase Plan (the "Plan") are prepared on the accrual basis of accounting.

Administrative Expenses

All expenses incurred in administration of the Plan are paid by Genesco Inc. (the "Company") and are excluded from these financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires Plan management to make estimates that affect the reported amounts of Plan assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in Plan equity during the period. Actual results could differ from those estimates and the differences could be material.

Note 2
The Plan

Background and Summary

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan became effective October 1, 1995 to advance the interests of the Company and its shareholders by attracting and retaining qualified employees and by encouraging them to identify with shareholder interests through the acquisition of shares of the Company's common stock.

On June 17, 2007 the Company entered into the Agreement and Plan of Merger (the "Merger Agreement") with The Finish Line, Inc. ("Finish Line"), in which Finish Line agreed to purchase all of the outstanding shares of the Company for $54.50 per share. As a result of the Merger Agreement, the Company amended the Plan effective September 28, 2007 to suspend participant contributions to the Plan, to suspend any future Plan years and option periods, and to terminate the Plan upon the effective time of the Merger Agreement. The amended Plan also stated that if the Merger Agreement was terminated for any reason prior to the effective date, a new Plan year and option period shall begin and participant contributions shall recommence, on the first day of the month following the month in which the termination occurs.

Eligibility

Each employee who is not a highly compensated employee as described in Section 414(a) of the Internal Revenue Code of 1986 ("the Code"), and whose customary employment is greater that 20 hours per week and greater than five months per year is eligible to participate in the Plan if the employee has been employed by the Company for at least six months prior to the grant date. The Plan excludes statutory insiders and five percent shareholders.

Note 2
The Plan, Continued

Contributions

Contributions to the Plan are solely from participating employees of the Company who, through after-tax payroll deductions, may use their contributions to purchase common stock of the Company at the end of a one-year option period. The maximum number of shares available to any participant is the lesser of 2,000 a year or that number of shares equal to $10,000 divided by the closing market price of the common stock on the grant date or the exercise date. The maximum contribution is the lesser of $9,500 a year or 15% of the participant’s base pay as of October 1. The minimum contribution is $250 per participant per year. Shares will be purchased September 30 of the year following the October 1 grant date. The initial grant date was October 1, 1995.

Effective as of October 1, 2005, the Company adopted a Safe Harbor Plan. Under the Safe Harbor Plan, the participant will purchase shares of the Company’s common stock at 95% of the market price on the exercise date. Prior to October 1, 2005, the Plan allowed participants to purchase shares of the Company’s common stock at the lesser of 85% of the market value on the grant date or the exercise date. Options are to be granted each year through and including October 1, 2007, unless the board of directors, at its discretion, determines in advance that no options are to be granted. The cumulative number of shares which may be purchased under the Plan is 1,000,000. The options granted and rights thereto may not be sold, assigned, pledged or otherwise transferred. No participant contributions were accepted by the Company under the Plan, as amended, after September 28, 2007.

Participant Accounts

Periodically throughout the year, each participant is provided with statements reflecting the value of his or her account. Participant contributions are held by the Company, which has an unsecured obligation to the Plan.

At the exercise date, the Company issues stock that is transferred to a brokerage firm and distributed according to the number of options exercised by each participant.

Vesting

Participants are 100% vested in the value of their account and may withdraw from the Plan at any time except during the period September 15 through September 30, which is the time that preparations are made for the issuance of the stock each year.

If a participant is terminated for any reason other than retirement, disability or death, the participant’s involvement in the Plan and any unexercised options automatically terminate, and the participant will receive the account balance in cash.

Termination of the Plan

The Company reserves the right to terminate the Plan at any time. In the event of Plan termination, the balance of each participant’s account shall be paid in cash as soon as is reasonably practical.

Note 2
The Plan, Continued

Plan Administrator

The Plan is to be administered by the compensation committee of the Company's board of directors or another designee of the board of directors.

Income Tax Status

The Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code, as amended. Issuance of shares under this Plan are not intended to result in taxable income to participants in the Plan based on provisions of the Code. Accordingly, no income will result for federal income tax purposes when an option is granted or exercised; however, income may result upon disposition of the stock. Management believes that the Plan is operating in compliance with the Code and, therefore, no provision for income taxes has been reflected in the accompanying financial statements.

Note 3

Options to Purchase Company Stock

Due to the Plan amendment effective September 28, 2007, the Plan applied accumulated contributions of persons participating in the Plan on September 28, 2008 to purchase company common stock.

	Option Period		
Options to Purchase Company Stock	**Total**	**10/01/06 to 09/30/07**	**10/01/05 to 09/30/06**
Estimated options granted — October 1, 2005	12,811	-0-	12,811
Additional options granted at exercise date	-0-	-0-	-0-
Options exercised	-0-	-0-	-0-
Options withdrawn	(1,065)	-0-	(1,065)
Options outstanding, January 28, 2006	11,746	-0-	11,746
Estimated options granted — October 1, 2006	8,427	8,427	-0-
Additional options granted at exercise date	514	-0-	514
Options exercised	(9,787)	-0-	(9,787)
Options withdrawn	(2,731)	(258)	(2,473)
Options outstanding, February 3, 2007	8,169	8,169	-0-
Less options granted at exercise date	(1,561)	(1,561)	-0-
Options exercised	(4,813)	(4,813)	-0-
Options withdrawn	(1,795)	(1,795)	-0-
Options outstanding, February 2, 2008	-0-	-0-	-0-

The cumulative options exercised as of February 2, 2008 are 671,091.

Note 3
Options to Purchase Company Stock, Continued

	Option Period	
	10/01/06 to 09/30/07	10/01/05 to 09/30/06
Date of grant	10/1/06	10/1/05
Exercise date	9/30/07	9/30/06
95% of fair market value of stock at date of exercise	$ 43.82	$ 32.75

At the beginning of each option period, the Company estimates the number of options to be granted based on participant contributions and the current stock price. At the end of the option period, the Company grants options to each plan participant. In the event plan contributions, withdrawals or the stock price are different than originally estimated, additional or fewer options may be granted at the end of the option period (exercise date).

		Option Period	
Number of Participants	Total	10/01/06 to 09/30/07	10/01/05 to 09/30/06
Enrollment — October 1, 2005	422	-0-	422
Exercised options	-0-	-0-	-0-
Withdrawn	(22)	-0-	(22)
Active, January 28, 2006	400	-0-	400
Enrollment — October 1, 2006	360	360	-0-
Exercised options	(299)	-0-	(299)
Withdrawn	(108)	(7)	(101)
Active, February 3, 2007	353	353	-0-
Exercised options	(205)	(205)	-0-
Withdrawn	(148)	(148)	-0-
Active, February 2, 2008	-0-	-0-	-0-

Note 4
Subsequent Event

In March 2008, the Merger Agreement was terminated by the Company and Finish Line. A new short Plan year and option period will begin on April 1, 2008.