



## Genesco Reports Third Quarter Sales Increase of 6% and EPS of \$0.33

November 27, 2001

NASHVILLE, Tenn., Nov. 27 /PRNewswire/ -- Genesco Inc. (NYSE: GCO) today reported earnings before discontinued operations of \$8.0 million, or \$0.33 per diluted share, for the third quarter ended November 3, 2001, compared with \$8.8 million, or \$0.36 per diluted share, for the third quarter last year. Net sales for the quarter increased 5.6% to \$186.0 million from \$176.1 million in the third quarter a year ago.

Genesco Chairman and Chief Executive Officer Ben T. Harris said, "Despite the unprecedented circumstances of the last two months, which have adversely affected the general retail environment, we were still able to grow our top line, register a positive same store sales gain and report earnings per share within our previously announced range of guidance."

Harris continued, "Journeys' 8% same store sales gain for the quarter, after a 14% increase last year, is further evidence of the ongoing strength and resilience of the concept. Total sales for Journeys increased 23% to \$97.1 million and we ended the quarter with 513 stores in operation.

"We were also pleased with the solid improvement in the Jarman Group, with total sales up 7% to \$29.6 million and total same store sales down only 3%. The continued quarter-to-quarter improvement indicates that efforts to bring the merchandising and operational disciplines responsible for Journeys' performance into the Jarman Group are proving successful."

Harris further commented, "Johnston & Murphy, while susceptible to economic trends and the challenging department store environment, continues to be a profitable business. However, we believe that we need to improve our focus on the Johnston & Murphy customer, particularly in the product area. We have recently named David Zumbach as chief executive officer of Johnston & Murphy. David's keen marketing perspective and strong leadership skills will be invaluable as we look to revitalize the business and return it to historic rates of growth. We remain focused on controlling inventories and reducing expenses through this challenging climate.

"Dockers Footwear performed well at retail, but sales declined slightly during the quarter to \$18.0 million, due primarily to efforts in the volume moderate distribution channels to control inventory levels by slowing purchases. We believe that our ability to provide the market with updated styles and our ongoing commitment to quality and value will ensure that Dockers remains an important resource for retailers in the future."

Earlier this month, the Company announced that it had reached an agreement with the Michigan Department of Environmental Quality to contribute a lump sum toward sediment removal in a lake adjacent to the Company's former leather tannery in Whitehall, Michigan. The agreement, which resolves a longstanding dispute with Michigan environmental authorities over what the authorities claim was tannery-related contamination in the lake, releases Genesco from further state claims related to lake sediments for a payment of \$3.35 million, much of which the Company has provided for in earlier periods. The Company has provided for the remainder of the contribution with an additional after-tax charge to discontinued operations of approximately \$700,000 in the third quarter. This charge is not reflected in earnings per share from continuing operations.

For the nine months ended November 3, 2001, earnings before discontinued operations were \$22.5 million, or \$0.92 per diluted share, compared with \$20.5 million, or \$0.86 per diluted share, last year. Net sales for the nine months increased 12.5% to \$524.4 million from \$466.0 million for the same period a year ago.

Genesco stated that it now expects fiscal 2002 sales to range from \$744 million to \$751 million and diluted earnings per share to range from \$1.47 to \$1.52. For fiscal 2003, the Company expects sales and diluted earnings per share to increase by 10% to 15% and 5% to 10% respectively.

Harris concluded, "While the economic environment is unquestionably challenging and we must be realistic in our expectations, we remain enthusiastic about the potential in all our businesses. We look for Journeys and the Jarman Group, which together will represent about 70% of our business, to outperform the industry, for Dockers to hold its strong position in its market and for Johnston & Murphy to improve its focus and build on its heritage."

The Company's live conference call on November 27, 2001, at 8:00 a.m. (Central time) may be accessed through the Company's internet website, [www.genesco.com](http://www.genesco.com). The Company expects to discuss results from the third quarter and its current expectations for the fourth quarter and fiscal year ending February 2, 2002, during the call. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software. A replay will be available shortly after the call for 14 days.

This release includes certain forward-looking statements, including all statements that do not refer to past or present events or conditions. Actual results could differ materially from those reflected by the forward-looking statements in this release and a number of factors may adversely affect future results, liquidity and capital resources. These factors include lower than expected consumer demand for the Company's products, whether caused by further weakening in the overall economy or by changes in fashions or tastes that the Company fails to anticipate or respond appropriately to, changes in buying patterns by significant wholesale customers, disruptions in product supply or distribution, the inability to adjust inventory levels to sales and changes in business strategies by the Company's competitors. Any greater than expected weakness in demand or disruption in supply could have an especially pronounced effect on the Company's performance in the fourth quarter, because of the importance of the Holiday selling season. Other factors that could cause results to differ from expectations include the Company's ability to open, staff and support additional retail stores on schedule and at acceptable expense levels and the outcome of litigation and environmental matters involving the Company. The impact of the September terrorist attacks on the United States, the responses by the U. S. government, and their effects on consumer demand, product supply and distribution and other conditions, limit the Company's ability to predict results and increase the uncertainty inherent in forward-looking statements. Forward-looking statements reflect the expectations of the Company at the time they are made, and investors should rely on them only as expressions of opinion about what may happen in the future and only at the time they are made. The Company undertakes no obligation to update any forward-looking statement.

Genesco, based in Nashville, sells footwear and accessories in more than 875 retail stores in the U.S., principally under the names Journeys, Journeys Kidz, Johnston & Murphy, Jarman and Underground Station, and on internet websites [www.journeys.com](http://www.journeys.com) and [www.johnstonmurphy.com](http://www.johnstonmurphy.com). The Company also sells footwear at wholesale under its Johnston & Murphy brand and under the licensed Dockers brand. Additional information on Genesco and its operating divisions may be accessed at its website [www.genesco.com](http://www.genesco.com).

GENESCO INC.  
Consolidated Earnings Summary(1)

In Thousands	Three Months Ended	
	November 3, 2001	October 28, 2000
Net sales	\$185,955	\$176,086
Cost of sales	99,937	93,424
Selling and administrative expenses	70,935	66,242
Restructuring credit(2)	--	--
Earnings from operations before interest	15,083	16,420
Interest expense, net	2,159	2,080
Earnings before income taxes and discontinued operations	12,924	14,340
Income tax expense	4,898	5,555
Earnings before discontinued operations	8,026	8,785
Discontinued operations (net of tax):		
Operating income (loss)	--	--
Provision for discontinued operations	(708)	--
Net Earnings	\$7,318	\$8,785

(1) Certain reclassifications have been made to prior periods to account

for shipping and handling fees as revenue.

(2) Adjustment to Nautica closedown provision in second quarter of Fiscal

2002 including a \$0.1 million reversal of inventory writedown.

GENESCO INC.  
Consolidated Earnings Summary(1)

In Thousands	Nine Months Ended	
	November 3, 2001	October 28, 2000
Net sales	\$524,416	\$465,973
Cost of sales	278,000	246,039
Selling and administrative expenses	204,951	180,769
Restructuring credit(2)	(269)	--
Earnings from operations before interest	41,734	39,165
Interest expense, net	5,582	5,594
Earnings before income taxes and discontinued operations	36,152	33,571
Income tax expense	13,605	13,062
Earnings before discontinued operations	22,547	20,509
Discontinued operations (net of tax):		
Operating income (loss)	--	(226)
Provision for discontinued operations	(708)	(2,975)
Net Earnings	\$21,839	\$17,308

(1) Certain reclassifications have been made to prior periods to

account for shipping and handling fees as revenue.

(2) Adjustment to Nautica closedown provision in second quarter of Fiscal

2002 including a \$0.1 million reversal of inventory writedown.

#### Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended	
	November 3, 2001	October 28, 2000
Preferred dividend requirements	\$73	\$75
Average common shares - Basic EPS	21,907	21,470
Basic earnings per share:		
Before discontinued operations	\$0.36	\$0.41
Net earnings	\$0.33	\$0.41
Average common and common equivalent shares - Diluted EPS	27,234	26,977
Diluted earnings per share:		
Before discontinued operations	\$0.33	\$0.36
Net earnings	\$0.30	\$0.36

#### Earnings Per Share Information

In Thousands (except per share amounts)	Nine Months Ended	
	November 3, 2001	October 28, 2000
Preferred dividend requirements	\$220	\$225
Average common shares - Basic EPS	21,905	21,518
Basic earnings per share:		
Before discontinued operations	\$1.02	\$0.94
Net earnings	\$0.99	\$0.79
Average common and common equivalent shares - Diluted EPS	27,334	26,995
Diluted earnings per share:		
Before discontinued operations	\$0.92	\$0.86
Net earnings	\$0.90	\$0.74

#### GENESCO INC. Consolidated Earnings Summary

Three Months Ended  
November 3,                      October 28,

In Thousands	2001	2000
Sales:		
Journeys	\$97,143	\$78,766
Jarman	29,592	27,531
Johnston & Murphy	41,145	47,179
Licensed Brands(1)	18,075	22,610
Net Sales	185,955	176,086
Pretax Earnings (Loss):		
Journeys	\$12,666	\$10,886
Jarman	(264)	1,870
Johnston & Murphy	2,868	5,720
Licensed Brands(2)	2,006	1,535
Corporate and Other	(2,193)	(3,591)
Nonrecurring charges(3)	--	--
Operating income	15,083	16,420
Interest, net	2,159	2,080
Total Pretax Earnings	12,924	14,340
Income tax expense	4,898	5,555
Earnings before discontinued operations	8,026	8,785
Discontinued operations (net of tax):		
Operating income (loss)	--	--
Provision for discontinued operations	(708)	--
Net Earnings	\$7,318	\$8,785

(1) Includes Nautica sales of \$0.1 million, \$4.0 million, \$6.1 million and

\$15.6 million for the third quarter and nine months of Fiscal 2002 and 2001, respectively.

(2) Includes Nautica operating losses of \$0.0 million, \$1.0 million, \$0.7

million and \$2.2 million for the third quarter and nine months of Fiscal 2002 and 2001, respectively.

(3) Includes litigation and severance charges offset by an adjustment to

the Nautica closedown provision of \$0.3 million in the nine months of Fiscal 2002.

GENESCO INC.  
Consolidated Earnings Summary

In Thousands	Nine Months Ended	
	November 3, 2001	October 28, 2000
Sales:		
Journeys	\$258,538	\$196,658
Jarman	77,619	69,049
Johnston & Murphy	125,732	136,166
Licensed Brands(1)	62,527	64,100
Net Sales	524,416	465,973
Pretax Earnings (Loss):		
Journeys	\$32,071	\$23,967
Jarman	(365)	3,063
Johnston & Murphy	11,526	17,025
Licensed Brands(2)	6,996	4,142

Corporate and Other	(8,313)	(9,032)
Nonrecurring charges(3)	(181)	-
Operating income	41,734	39,165
Interest, net	5,582	5,594
Total Pretax Earnings	36,152	33,571
Income tax expense	13,605	13,062
Earnings before discontinued operations	22,547	20,509
Discontinued operations (net of tax):		
Operating income (loss)	--	(226)
Provision for discontinued operations	(708)	(2,975)
Net Earnings	\$21,839	\$17,308

(1) Includes Nautica sales of \$0.1 million, \$4.0 million, \$6.1 million and

\$15.6 million for the third quarter and nine months of Fiscal 2002 and 2001, respectively.

(2) Includes Nautica operating losses of \$0.0 million, \$1.0 million, \$0.7

million and \$2.2 million for the third quarter and nine months of Fiscal 2002 and 2001, respectively.

(3) Includes litigation and severance charges offset by an adjustment to

the Nautica closedown provision of \$0.3 million in the nine months of Fiscal 2002.

GENESCO INC.  
Consolidated Balance Sheet

In Thousands	November 3, 2001	October 28, 2000
<b>Assets</b>		
Cash and short-term investments	\$9,926	\$16,060
Accounts receivable	26,334	30,493
Inventories	183,676	154,102
Other current assets	28,553	24,802
Current assets of discontinued operations*	--	3,834
Total current assets	248,489	229,291
Plant, equipment and capital leases	104,336	85,386
Other non-current assets	19,639	18,486
Non-current assets of discontinued operations*	535	563
Total Assets	\$372,999	\$333,726
<b>Liabilities and Shareholders' Equity</b>		
Total current liabilities	95,478	96,544
Long-term debt and capital leases	103,272	103,526
Other long-term liabilities	11,132	10,852
Shareholders' equity	163,117	122,804
Total Liabilities and		

Shareholders' Equity                      \$372,999                                      \$333,726

- Current and non-current assets of discontinued operations include Volunteer Leather.

GENESCO INC.

Retail Units Operated - Nine Months Ended November 3, 2001

	Balance			Balance	
	2/3/01	Open	Conv	Close	11/3/01
Journeys	425	78	0	2	501
Journeys Kidz	0	12	0	0	12
Jarman Group	207	28	0	10	225
Jarman Retail	150	0	(7)	9	134
Underground Station	57	28	7	1	91
Johnston & Murphy	147	8	0	7	148
Shops	115	7	0	7	115
Factory Outlets	32	1	0	0	33
Total Retail Units	779	126	0	19	886

Retail Units Operated - Three Months Ended November 3, 2001

	Balance			Balance	
	8/4/01	Open	Conv	Close	11/3/01
Journeys	462	40	0	1	501
Journeys Kidz	8	4	0	0	12
Jarman Group	217	11	0	3	225
Jarman Retail	138	0	(1)	3	134
Underground Station	79	11	1	0	91
Johnston & Murphy	144	6	0	2	148
Shops	112	5	0	2	115
Factory Outlets	32	1	0	0	33
Total Retail Units	831	61	0	6	886

Constant Store Sales

	Three Months Ended		Nine Months Ended	
	November 3, 2001	October 28, 2000	November 3, 2001	October 28, 2000
Journeys	8%	14%	7%	14%
Jarman Group	-3%	9%	-5%	7%
Jarman Retail	-4%	6%	-7%	3%
Underground Station	-2%	33%	-1%	33%
Johnston & Murphy	-16%	2%	-11%	4%
Shops	-18%	3%	-12%	5%
Factory Outlets	-8%	0%	-9%	1%
Total Constant Store Sales	1%	10%	1%	10%

SOURCE Genesco Inc.

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