



## Genesco Reports Second Quarter Results

August 24, 2005

### -- Diluted Earnings Per Share Increase 35% to \$0.27 -- -- Raises Fiscal 2006 Guidance --

NASHVILLE, Tenn., Aug 24, 2005 /PRNewswire-FirstCall via COMTEX/ -- Genesco Inc. (NYSE: GCO) today reported net earnings of \$6.8 million, or \$0.27 per diluted share, for the second quarter ended July 30, 2005. This compares with net earnings of \$4.8 million, or \$0.20 per diluted share, for the second quarter last year. Net sales for the second quarter of fiscal 2006 increased 12% to \$275 million compared to \$246 million for the second quarter of fiscal 2005.

Genesco Chairman, President and Chief Executive Officer Hal N. Pennington, said, "We are very pleased to have exceeded expectations once again with a strong second quarter performance. Our results were driven by positive comps in all our retail divisions and by continued operating margin expansion."

"Net sales at Journeys rose 12% to approximately \$119 million, same store sales increased 6% and footwear unit comps were up 9%. Fashion athletic, Euro casuals, board sport shoes, and women's fashion footwear all performed well during the quarter. We are confident that Journeys is well positioned from a merchandising perspective for the fall and holiday selling seasons.

"Hat World posted another solid quarter. Total sales increased 19% to \$69 million and same store sales were up 4%, which was on top of a 16% comp increase a year ago. Hat World continued to experience strong gains in both core and fashion Major League Baseball, and branded performance headwear, and we are excited about the opportunities for the upcoming NFL season. Our new stores -- both mall and non-mall locations -- continue to perform well, highlighting Hat World's significant growth prospects.

"Comparable store sales for Underground Station increased 12%, driven by continued increases in average selling price and unit comps. Net sales for the Underground Station Group, which includes Jarman, increased 13% to \$32 million and comparable store sales rose 9%. Comparable store sales at Jarman were up 1%. We remain focused on improving our platform and expanding Underground Station's leadership position in the mall.

"Johnston & Murphy's second quarter results reflect the success of the brand's initiatives to attract new consumers, update the retail stores and diversify its sourcing base. Net sales were up 4% to \$41 million, same store sales increased 9%, representing Johnston & Murphy's biggest quarterly comp gain in some time. In addition, operating margin improved 230 basis points, to 5.9%. The excellent feedback we received from retailers at the recent WSA Shoe Show reinforces our confidence in the Johnston & Murphy brand, its product offering, and its business strategy.

"Sales of Dockers Footwear were roughly flat at \$14 million. Dockers Footwear business continues to be impacted by a shift at retail to more private label footwear."

Genesco also stated that it is revising its fiscal 2006 guidance upward. The Company now expects sales for the year to be approximately \$1.28 billion and earnings per share to range from \$2.28 to \$2.30, including a previously announced charge of approximately \$0.06 per share associated with the settlement of a class action lawsuit.

Pennington concluded, "During the first six months of fiscal 2006 our entire organization performed at a very high level and our strong financial results and growing industry presence reflect tremendous effort. While we are proud of our recent accomplishments, our sights are set on the future and we continue to push ourselves to improve our operations and increase shareholder value."

This release contains forward-looking statements, including those regarding the Company's sales and earnings outlook and all other statements not addressing solely historical facts or present conditions. Actual results could vary materially from the expectations reflected in these statements. A number of factors could cause differences, including weakness in consumer demand for products sold by the Company, 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 availability or distribution, unfavorable trends in foreign exchange rates and other factors affecting the cost of products, changes in business strategies by the Company's competitors (including pricing and promotional discounts), 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, variations from expected pension-related charges caused by conditions in the financial markets, and the outcome of litigation and environmental matters involving the Company. Forward-looking statements reflect the expectations of the Company at the time they are made. The Company disclaims any obligation to update such statements.

The Company's live conference call on August 24, 2005, at 7:30 a.m. (Central time) may be accessed through the Company's internet website, [www.genesco.com](http://www.genesco.com). To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software.

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear and accessories in more than 1,650 retail stores in the United States and Canada, principally under the names Journeys, Journeys Kidz, Johnston & Murphy, Underground Station, Hatworld, Lids, Hat Zone, Cap Factory, Head Quarters and Cap Connection, and on internet websites [www.journeys.com](http://www.journeys.com), [www.journeyskidz.com](http://www.journeyskidz.com), [www.undergroundstation.com](http://www.undergroundstation.com), [www.johnstonmurphy.com](http://www.johnstonmurphy.com), [www.lids.com](http://www.lids.com), [www.hatworld.com](http://www.hatworld.com), and [www.lidscy.com](http://www.lidscy.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

In Thousands	Three Months Ended		Six Months Ended	
	July 30, 2005	July 31, 2004	July 30, 2005	July 31, 2004
Net sales	\$275,168	\$245,939	\$561,253	\$471,465
Cost of sales	136,210	124,050	275,742	238,898
Selling and administrative expenses	124,948	112,011	252,204	211,349
Restructuring and other, net	177	(160)	3,044	(92)
Earnings from operations before interest and other	13,833	10,038	30,263	21,310
Interest expense, net	2,568	2,896	5,272	4,778
Earnings before income taxes from continuing operations	11,265	7,142	24,991	16,532
Income tax expense*	4,499	2,317	9,799	5,901
Earnings from continuing operations	6,766	4,825	15,192	10,631
Provision for discontinued operations, net	-	(21)	65	(21)
Net Earnings	\$6,766	\$4,804	\$15,257	\$10,610

\* Includes favorable tax settlements of \$0.4 million and \$0.5 million in the second quarter and six months of Fiscal 2005, respectively.

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended		Six Months Ended	
	July 30, 2005	July 31, 2004	July 30, 2005	July 31, 2004
Preferred dividend requirements	\$69	\$73	\$142	\$146
Average common shares - Basic EPS	22,702	21,903	22,613	21,833
Basic earnings per share:				
Before discontinued operations	\$0.29	\$0.22	\$0.67	\$0.48
Net earnings	\$0.29	\$0.22	\$0.67	\$0.48
Average common and common equivalent shares - Diluted EPS	27,142	26,290	27,020	26,208
Diluted earnings per share:				
Before discontinued operations	\$0.27	\$0.20	\$0.60	\$0.45
Net earnings	\$0.27	\$0.20	\$0.61	\$0.45

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended		Six Months Ended	
	July 30, 2005	July 31, 2004	July 30, 2005	July 31, 2004
Sales:				
Journeys	\$118,928	\$105,785	\$247,772	\$220,026
Underground Station Group	32,186	28,462	72,022	63,591
Hat World	69,055	57,956	131,202	76,041
Johnston & Murphy	41,008	39,413	82,516	79,954
Licensed Brands	13,916	14,223	27,608	31,703

Corporate and Other	75	100	133	150
Net Sales	\$275,168	\$245,939	\$561,253	\$471,465
Pretax Earnings (Loss):				
Journeys	\$6,951	\$6,083	\$20,719	\$15,246
Underground Station Group	(681)	(1,483)	1,935	142
Hat World	9,258	7,451	14,740	9,002
Johnston & Murphy	2,418	1,400	4,948	3,785
Licensed Brands	1,018	1,311	1,764	3,055
Corporate and Other*	(5,131)	(4,724)	(13,843)	(9,920)
Operating income	13,833	10,038	30,263	21,310
Interest, net	2,568	2,896	5,272	4,778
Total Pretax Earnings	11,265	7,142	24,991	16,532
Income tax expense**	4,499	2,317	9,799	5,901
Earnings (loss) from continuing operations	6,766	4,825	15,192	10,631
Provision for discontinued operations, net	-	(21)	65	(21)
Net Earnings	\$6,766	\$4,804	\$15,257	\$10,610

\*Includes \$0.2 million and \$0.4 million of other charges for asset impairment and lease terminations in the second quarter and six months of Fiscal 2006, respectively, and a \$2.6 million charge for a litigation settlement in the first six months of Fiscal 2006. Includes \$0.4 million and \$0.5 million of other charges for asset impairment and lease terminations in the second quarter and six months of Fiscal 2005, respectively, offset by a \$0.6 million pension curtailment gain in the second quarter and six months of Fiscal 2005.

\*\*Includes favorable tax settlements of \$0.4 million and \$0.5 million in the second quarter and six months of Fiscal 2005, respectively.

#### GENESCO INC.

##### Consolidated Balance Sheet

In Thousands	July 30, 2005	July 31, 2004
Assets		
Cash and cash equivalents	\$38,848	\$15,286
Accounts receivable	17,762	17,449
Inventories	270,688	263,377
Other current assets	23,790	20,260
Total current assets	351,088	316,372
Property and equipment	173,316	164,997
Other non-current assets	159,588	164,169
Total Assets	\$683,992	\$645,538
Liabilities and Shareholders' Equity		
Accounts payable	\$114,837	\$104,468
Current portion - long-term debt	-	13,000
Other current liabilities	53,966	41,102
Total current liabilities	168,803	158,570
Long-term debt	151,250	189,250
Other long-term liabilities	70,608	71,354
Shareholders' equity	293,331	226,364
Total Liabilities and Shareholders' Equity	\$683,992	\$645,538

#### GENESCO INC.

Retail Units Operated - Six Months Ended July 30, 2005

Balance Acquisi-

	01/31/04	tions	Open	Conv	Close
Journeys	665		37	0	7
Journeys	625		35	0	6
Journeys Kidz	40		2	0	1
Underground Station Group	233		21	0	25
Underground Station	137		21	12	5
Jarman Retail	96		0	(12)	20
Hat World	0	503	55	0	6
Johnston & Murphy	148		7	0	13
Shops	115		3	0	11
Factory Outlets	33		4	0	2
Total Retail Units	1,046	503	120	0	51

Retail Units Operated - Six Months Ended July 30, 2005

	Balance			Balance		
	01/29/05	Open	Conv	Close	07/30/05	
Journeys	695	19	0	3	711	
Journeys	654	18	0	2	670	
Journeys Kidz	41	1	0	1	41	
Underground Station Group	229	4	0	7	226	
Underground Station	165	4	2	3	168	
Jarman Retail	64	0	(2)	4	58	
Hat World	552	43	0	2	593	
Johnston & Murphy	142	2	0	2	142	
Shops	107	2	0	2	107	
Factory Outlets	35	0	0	0	35	
Total Retail Units	1,618	68	0	14	1,672	

Retail Units Operated - Three Months Ended July 30, 2005

	Balance			Balance		
	04/30/05	Open	Conv	Close	07/30/05	
Journeys	701	10	0	0	711	
Journeys	660	10	0	0	670	
Journeys Kidz	41	0	0	0	41	
Underground Station Group	227	2	0	3	226	
Underground Station	166	2	1	1	168	
Jarman Retail	61	0	(1)	2	58	
Hat World	568	27	0	2	593	
Johnston & Murphy	143	1	0	2	142	
Shops	108	1	0	2	107	
Factory Outlets	35	0	0	0	35	
Total Retail Units	1,639	40	0	7	1,672	

Constant Store Sales

	Three Months Ended		Six Months Ended	
	July 30, 2005	July 31, 2004	July 30, 2005	July 31, 2004
Journeys	6%	2%	7%	5%
Underground Station Group	9%	-10%	9%	-6%
Underground Station	12%	-11%	12%	-6%
Jarman Retail	1%	-9%	2%	-6%
Johnston & Murphy	9%	0%	6%	4%
Shops	9%	0%	6%	3%
Factory Outlets	6%	0%	4%	6%
Total Constant Store Sales	7%	-1%	7%	3%
Hat World	4%	16%	5%	-
April 1, 2004 - July 31, 2004	-	-	-	17%

SOURCE Genesco Inc.

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