



## Genesco Reports Fourth Quarter and Fiscal 2006 Results

March 2, 2006

--Company Reports Fourth Quarter Diluted EPS Before Discontinued Operations of \$1.15 and Fiscal 2006 Diluted EPS Before Discontinued Operations of \$2.38--

NASHVILLE, Tenn., March 2 /PRNewswire-FirstCall/ -- Genesco Inc. (NYSE: GCO) today reported earnings before discontinued operations of \$31.2 million, or \$1.15 per diluted share, for the fourth quarter ended January 28, 2006. Earnings before discontinued operations were \$25.4 million, or \$0.97 per diluted share, for the fourth quarter ended January 29, 2005. Net sales for the fourth quarter of fiscal 2006 increased 15% to \$406 million compared to \$353 million for the fourth quarter of fiscal 2005.

For the fiscal year ended January 28, 2006, the Company reported earnings before discontinued operations of \$62.6 million, or \$2.38 per diluted share. Earnings before discontinued operations were \$48.5 million, or \$1.92 per diluted share, in fiscal 2005. Net sales for fiscal 2006 increased 15% to \$1.28 billion compared to \$1.11 billion for fiscal 2005.

Genesco Chairman, President and Chief Executive Officer Hal N. Pennington, said, "A strong fourth quarter concluded another strong year for Genesco. During the year we successfully executed our strategic plan, enhancing our leadership position in the market by opening 155 net new stores, expanding our mall and non-mall presence, and launching a test of a promising new retail concept. At the same time, we increased sales by 15%, expanded margins and generated double digit bottom line growth. These results reflect the talent and dedication of the entire Genesco organization.

"Net sales at Journeys increased 17.5% to approximately \$193 million in the fourth quarter, same store sales rose more than 10% and footwear unit comps increased 12%. Fashion athletic, fusion, board sport and women's fashion and casual footwear all performed well in the quarter. With more than 700 stores, an unparalleled selection of product, powerful vendor relationships and a world class merchandising team, Journeys remains the destination retailer for teenagers and young adults for footwear and accessories. Its success in both mall and non-mall locations -- including lifestyle centers, outlets and city streets -- supports its potential for ongoing growth.

"An important component of our growth strategy is to leverage our platform and extend our brand strength and expertise across new concepts. In doing so, we see the opportunity to grow with our customer from toddler to teenager to adult. We have been successful with Journeys Kidz and we are now planning a more aggressive store roll-out for it in fiscal 2007. We have recently opened our first Shi by Journeys store designed to cater to fashionable women in their early 20s to mid 30s, continuing to serve an important Journeys customer as her tastes, needs and lifestyle change. While it is still very early in the testing process, we are encouraged by the store's initial performance.

"Hat World registered another strong quarter, with total sales up 21% to \$98 million. Same store sales rose 6%, matching a 6% gain in the same period last year that was driven in part by strong demand for Boston Red Sox products associated with the team's 2005 World Series victory. The Major League Baseball and NFL categories continued to perform well in the fourth quarter of fiscal 2006. We continue to roll out embroidery machines, which represent an attractive add-on business in the larger stores. Given its versatility, illustrated by successful operations not only in malls, but also in airports, outlets, street locations, tourist destinations and kiosks, we remain confident about Hat World's significant growth potential. We plan to open 85 new Lids locations in fiscal 2007 and believe that we can eventually grow this chain to at least 900 stores in North America.

"Net sales for the Underground Station Group, which includes Jarman, increased 7% to \$54 million and comparable store sales rose 4% in the fourth quarter. Underground Station posted a solid 6% comparable store gain, primarily driven by increased average selling prices. Throughout the year, the Underground Station team continued to execute its long-term strategic plan, growing the number of Underground Station locations while reducing the Jarman store base in a financially prudent manner. We ended the year with 180 Underground Station stores, up approximately 9% from the previous year, and 49 Jarman stores, roughly half the number of Jarman stores in operation two years ago. We are pleased with our progress at Underground Station and remain encouraged about its prospects for the future.

"Johnston & Murphy continued to deliver improved results during the fourth quarter, with net sales increasing 9% to \$49 million and same store sales up 9%. Johnston & Murphy's performance for both the fourth quarter and the year was driven by meaningful gains in dress casual and casual footwear, coupled with growth in non footwear categories, which now include luggage, belts, socks, outerwear and personal leather goods. Over the past two years we have worked hard to reposition the Johnston & Murphy brand to broaden its appeal and attract new consumers, while at the same time driving gains in gross margin and profitability. Our results reflect our success so far, and we will continue to focus on improving our operations.

"Fourth quarter sales of Licensed Brands were \$14 million, essentially flat with a year ago and in line with our projections. Early indications of stronger demand for Dockers Footwear's spring product make us optimistic about the opportunities for improvements in the business in the upcoming year."

Genesco also reaffirmed its fiscal 2007 guidance. The Company now expects sales of approximately \$1.46 billion for the year and diluted earnings per share to be approximately \$2.62. The earnings per share estimate includes expected FAS 123 (R) stock incentive expense and the amortization of recently granted restricted stock totaling approximately \$0.17 per share. Last year's EPS reflected expenses of \$0.01 per share related to employee restricted stock grants in the third quarter.

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. These include 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 supply or distribution,

further 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 March 2, 2006, 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 1,750 retail stores in the United States and Canada, principally under the names Journeys, Journeys Kidz, Johnston & Murphy, Underground Station, Hat World, 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.lidscyo.com](http://www.lidscyo.com). The Company also sells footwear at wholesale under its Johnston & Murphy brand and under the licensed Dockers and Perry Ellis brands. Additional information on Genesco and its operating divisions may be accessed at its website [www.genesco.com](http://www.genesco.com).

#### Consolidated Earnings Summary

In Thousands	Fourth Quarter		Fiscal Year Ended	
	2006	2005	2006	2005
Net sales	\$406,287	\$352,818	\$1,283,876	\$1,112,681
Cost of sales	200,902	177,669	631,469	561,597
Selling and administrative expenses	151,898	130,958	537,327	461,799
Restructuring and other, net	(2)	649	2,253	1,221
Earnings from operations	53,489	43,542	112,827	88,064
Interest expense, net	2,416	3,046	10,357	10,962
Earnings before income taxes from continuing operations	51,073	40,496	102,470	77,102
Income tax expense	19,877	15,050	39,844	28,642
Earnings from continuing operations	31,196	25,446	62,626	48,460
Earnings from (provision for) discontinued operations, net	90	250	60	(211)
Net Earnings	\$31,286	\$25,696	\$62,686	\$48,249

#### Earnings Per Share Information

In Thousands (except per share amounts)	Fourth Quarter		Fiscal Year Ended	
	2006	2005	2006	2005
Preferred dividend requirements	\$64	\$73	\$273	\$292
Average common shares				
- Basic EPS	23,193	22,326	22,804	22,008
Basic earnings per share:				
Before discontinued operations	\$1.34	\$1.14	\$2.73	\$2.19
Net earnings	\$1.35	\$1.15	\$2.74	\$2.18
Average common and common equivalent shares				
- Diluted EPS	27,672	26,833	27,265	26,377
Diluted earnings per share:				
Before discontinued				

operations	\$1.15	\$0.97	\$2.38	\$1.92
Net earnings	\$1.15	\$0.98	\$2.38	\$1.91

#### Consolidated Earnings Summary

In Thousands	Fourth Quarter		Fiscal Year Ended	
	2006	2005	2006	2005
Sales:				
Journeys	\$192,635	\$163,931	\$593,516	\$521,942
Underground Station Group	53,637	50,175	164,054	148,039
Hat World	97,739	80,752	297,271	216,270
Johnston & Murphy	48,518	44,389	170,015	162,599
Licensed Brands	13,665	13,471	58,730	63,508
Corporate and Other	93	100	290	323
Net Sales	\$406,287	\$352,818	\$1,283,876	\$1,112,681
Operating Income (Loss):				
Journeys	\$31,076	\$26,989	\$73,346	\$60,065
Underground Station Group	6,990	6,101	10,890	6,963
Hat World	17,778	13,908	40,133	30,522
Johnston & Murphy	4,044	3,564	10,396	9,230
Licensed Brands	622	880	4,167	6,075
Corporate and Other*	(7,021)	(7,900)	(26,105)	(24,791)
Earnings from operations	53,489	43,542	112,827	88,064
Interest, net	2,416	3,046	10,357	10,962
Earnings before income taxes from continuing operations				
	51,073	40,496	102,470	77,102
Income tax expense	19,877	15,050	39,844	28,642
Earnings from continuing operations	31,196	25,446	62,626	48,460
Earnings from (provision for) discontinued operations				
	90	250	60	(211)
Net Earnings	\$31,286	\$25,696	\$62,686	\$48,249

\* Includes \$0.6 million of other charges for asset impairment and lease terminations and a \$1.7 million charge for the litigation settlement in Fiscal 2006. Includes \$0.6 million and \$1.2 million of other charges for asset impairment and lease terminations in the fourth quarter and year of Fiscal 2005 offset by a \$0.6 million pension curtailment gain in Fiscal 2005.

#### Consolidated Balance Sheet

In Thousands	January 28, 2006	January 29, 2005
Assets		
Cash and cash equivalents	\$61,591	\$60,068
Accounts receivable	21,171	17,906
Inventories	230,648	207,197
Other current assets	28,918	20,748
Total current assets	342,328	305,919
Property and equipment	188,047	168,670
Other non-current assets	156,883	160,982
Total Assets	\$687,258	\$635,571
Liabilities and Shareholders' Equity		
Accounts payable	\$75,068	\$65,599

Current portion - long-term debt	-	-
Other current liabilities	82,274	64,075
Total current liabilities	157,342	129,674
Long-term debt	106,250	161,250
Other long-term liabilities	74,915	72,582
Shareholders' equity	348,751	272,065
Total Liabilities and Shareholders' Equity	\$687,258	\$635,571

Retail Units Operated - Twelve Months Ended January 28, 2006

	Balance 01/31/04	Acqui- sitions	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 - Twelve Months Ended January 28, 2006

	Balance 01/29/05	Open	Conv	Close	Balance 01/28/06
Journeys	695	71	0	5	761
Journeys	654	61	0	4	711
Journeys Kidz	41	10	0	1	50
Underground Station Group	229	21	0	21	229
Underground Station	165	21	2	8	180
Jarman Retail	64	0	(2)	13	49
Hat World	552	96	0	7	641
Johnston & Murphy	142	5	0	5	142
Shops	107	4	0	4	107
Factory Outlets	35	1	0	1	35
Total Retail Units	1,618	193	0	38	1,773

Retail Units Operated - Three Months Ended January 28, 2006

	Balance 10/29/05	Open	Conv	Close	Balance 01/28/06
Journeys Group	724	37	0	0	761
Journeys	683	28	0	0	711
Journeys Kidz	41	9	0	0	50
Underground Station Group	230	6	0	7	229
Underground Station	176	6	0	2	180
Jarman Retail	54	0	0	5	49
Hat World	621	23	0	3	641
Johnston & Murphy	143	1	0	2	142
Shops	109	0	0	2	107
Factory Outlets	34	1	0	0	35
Total Retail Units	1,718	67	0	12	1,773

Constant Store Sales

	Three Months Ended		Twelve Months Ended	
	Jan. 28, 2006	Jan. 29, 2005	Jan. 28, 2006	Jan. 29, 2005
Journeys	10%	4%	7%	5%

Underground Station/Jarman Group	4%	3%	7%	-3%
Underground Station	6%	5%	10%	-2%
Jarman Retail	-2%	-2%	-1%	-6%
Johnston & Murphy	9%	3%	7%	3%
Shops	10%	3%	7%	2%
Factory Outlets	5%	4%	5%	4%
Total Constant Store Sales	9%	4%	7%	3%
Hat World	6%	6%	4%	
April 1, 2004 - January 29, 2005				11%

SOURCE Genesco Inc.

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/Company News On-Call: <http://www.prnewswire.com/comp/352750.html/>

/Web site: <http://www.genesco.com>

<http://www.journeys.com>

<http://www.journeyskidz.com>

<http://www.undergroundstation.com>

<http://www.johnstonmurphy.com>

<http://www.lids.com>

<http://www.hatworld.com>

[http://www.lidscyo.com /](http://www.lidscyo.com/)

(GCO)

CO: Genesco Inc.

ST: Tennessee

IN: TEX REA

SU: ERN

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