



Genesco Reports Second Quarter Fiscal 2010 Results

August 27, 2009

NASHVILLE, Tenn., Aug. 27 /PRNewswire-FirstCall/ -- Genesco Inc. (NYSE: GCO) today reported a loss from continuing operations for the second quarter ended August 1, 2009, of \$2.7 million, or \$0.12 per diluted share, compared to a loss from continuing operations of \$5.4 million, or \$0.29 per diluted share, for the second quarter ended August 2, 2008. Fiscal 2010 second quarter earnings reflected pretax charges of \$3.3 million, or \$0.09 per diluted share, primarily related to fixed asset impairments. In addition, the second quarter of Fiscal 2010 reflected additional interest costs due to the adoption of FSP APB 14-1 in the first quarter of Fiscal 2010, a new accounting standard applicable to the Company's convertible debt. Fiscal 2009 second quarter earnings included charges associated with merger related expenses, asset impairment and lease terminations, other legal matters, and a higher effective tax rate. Fiscal 2009 earnings also included a restatement of interest expense required by the adoption of APB 14-1, which required retroactive application resulting in additional interest costs.

Adjusted for the listed items in both periods, the loss from continuing operations was \$0.4 million, or \$0.02 per diluted share, for the second quarter of Fiscal 2010, compared to earnings from continuing operations of \$3.6 million, or \$0.18 per diluted share, for the second quarter of Fiscal 2009. For consistency with Fiscal 2010's previously announced earnings expectations, which did not reflect the listed items, the Company believes that disclosure of earnings from continuing operations adjusted for those items will be useful to investors. A reconciliation of the adjusted financial measures to their corresponding measures as reported pursuant to U.S. Generally Accepted Accounting Principles is included in Schedule B to this press release.

Net sales for the second quarter of Fiscal 2010 were \$335 million compared to \$353 million in the second quarter of Fiscal 2009. Comparable store sales in the second quarter of Fiscal 2010 decreased by 8%. Comparable store sales in the Journeys Group decreased by 9%, the Hat World Group decreased by 2%, Underground Station decreased by 19%, and Johnston & Murphy Retail decreased by 16%.

Robert J. Dennis, president and chief executive officer of Genesco, said, "We were pleased with our bottomline performance for the quarter, even though sales remained choppy. August is off to a better start, with comparable sales through August 24 down by only 4%, despite a slightly delayed back to school in key regions related to a later than usual Labor Day.

"Looking ahead, while visibility with regard to the economic climate is still quite limited, we remain cautiously optimistic about the second half of Fiscal 2010. Sales comparisons continue to moderate throughout the period, and we expect positive comps in the fourth quarter. We are buying accordingly.

"Based on our sales expectations, we believe that we should be able to achieve our previously announced baseline scenario of earnings per share in the \$1.70 to \$1.80 range for the year."

Cautionary Note Concerning Forward-Looking Statements

This release contains forward-looking statements, including those regarding the performance outlook for the Company and its individual businesses, 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 adjustments to estimates reflected in forward-looking statements, continuing weakness in the consumer economy, inability of customers to obtain credit, fashion trends that affect the sales or product margins of the Company's retail product offerings, changes in buying patterns by significant wholesale customers, bankruptcies or deterioration in financial condition of significant wholesale customers, disruptions in product supply or distribution, unfavorable trends in fuel costs, foreign exchange rates, foreign labor and materials costs, and other factors affecting the cost of products, competition in the Company's markets and changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons. Additional factors that could affect the Company's prospects and cause differences from expectations include the ability to build, open, staff and support additional retail stores and to renew leases in existing stores and to conduct required remodeling or refurbishment on schedule and at expected expense levels, deterioration in the performance of individual businesses or of the Company's market value relative to its book value, resulting in impairments of fixed assets or intangible assets or other adverse financial consequences, 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. Additional factors are cited in the "Risk Factors," "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of, and elsewhere, in our SEC filings, copies of which may be obtained from the SEC website, www.sec.gov, or by contacting the investor relations department of Genesco via our website, www.genesco.com. Many of the factors that will determine the outcome of the subject matter of this release are beyond Genesco's ability to control or predict. Genesco undertakes no obligation to release publicly the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Forward-looking statements reflect the expectations of the Company at the time they are made. The Company disclaims any obligation to update such statements.

Conference Call

The Company's live conference call on August 27, 2009, at 7:30 a.m. (Central time) may be accessed through the Company's internet website, www.genesco.com. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software.

About Genesco Inc.

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear and accessories in more than 2,240 retail stores in the United States and Canada, principally under the names Journeys, Journeys Kidz, Shi by Journeys, Johnston & Murphy, Underground Station, Hatworld, Lids, Hat Shack, Hat Zone, Head Quarters and Cap Connection, and on internet websites www.journeys.com, www.journeyskidz.com, www.shibyjourneys.com, www.undergroundstation.com, www.johnstonmurphy.com, www.dockersshoes.com, and www.lids.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.

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended		Six Months Ended	
	August 1, 2009	Restated * August 2, 2008	August 1, 2009	Restated * August 2, 2008
Net sales	\$334,658	\$353,138	\$705,024	\$710,073
Cost of sales	164,713	171,814	345,857	347,354
Selling and administrative expenses	168,598	173,420	349,967	353,466
Restructuring and other, net	3,320	3,261	8,293	(198,577)
(Loss) earnings from operations	(1,973)	4,643	907	207,830
Loss on early retirement of debt	-	-	5,119	-
Interest expense, net	1,862	2,873	4,945	5,818
(Loss) earnings before income taxes from continuing operations	(3,835)	1,770	(9,157)	202,012
Income tax (benefit) expense	(1,172)	7,161	(891)	77,963
(Loss) earnings from Continuing operations	(2,663)	(5,391)	(8,266)	124,049
Provision for discontinued operations	(59)	(5,361)	(218)	(5,454)
Net (Loss) Earnings	\$(2,722)	\$(10,752)	\$(8,484)	\$118,595

* Fiscal 2009 results restated as a result of retroactive application of FSP APB 14-1.

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended		Six Months Ended	
	August 1, 2009	Restated August 2, 2008	August 1, 2009	Restated August 2, 2008
Preferred dividend requirements	\$49	\$50	\$99	\$99
Average common shares - Basic	21,798	18,513	20,326	19,782
Basic earnings (loss) per share:				
Before discontinued operations	(\$0.12)	(\$0.29)	(\$0.41)	\$6.27
Net (loss) earnings	(\$0.13)	(\$0.58)	(\$0.42)	\$5.99

Average common and common equivalent shares - Diluted EPS	21,798	18,513	20,326	24,508
Diluted earnings (loss) per share:				
Before discontinued operations	(\$0.12)	(\$0.29)	(\$0.41)	\$5.15
Net (loss) earnings	(\$0.13)	(\$0.58)	(\$0.42)	\$4.93

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended		Six Months Ended	
	August 1, 2009	Restated August 2, 2008	August 1, 2009	Restated August 2, 2008
Sales:				
Journeys Group	\$148,592	\$160,960	\$325,439	\$329,722
Underground Station Group	18,561	23,597	45,289	52,601
Hat World Group	108,830	102,169	207,634	189,906
Johnston & Murphy Group	39,054	44,014	78,384	90,585
Licensed Brands	19,402	22,145	47,953	46,893
Corporate and Other	219	253	325	366
Net Sales	\$334,658	\$353,138	\$705,024	\$710,073
Operating Income				
(Loss):				
Journeys Group	\$(3,159)	\$2,388	\$2,354	\$7,686
Underground Station Group	(3,789)	(3,038)	(4,239)	(4,019)
Hat World Group	10,526	11,454	17,050	15,179
Johnston & Murphy Group	(459)	2,994	(302)	6,677
Licensed Brands	1,987	2,091	5,604	5,646
Corporate and Other*	(7,079)	(11,246)	(19,560)	176,661
(Loss) earnings from operations	(1,973)	4,643	907	207,830
Loss on early retirement of debt	-	-	5,119	-
Interest, net	1,862	2,873	4,945	5,818
(Loss) earnings before income taxes from continuing operations	(3,835)	1,770	(9,157)	202,012
Income tax (benefit) expense	(1,172)	7,161	(891)	77,963
(Loss) earnings from continuing operations	(2,663)	(5,391)	(8,266)	124,049
Provision for discontinued operations	(59)	(5,361)	(218)	(5,454)
Net (Loss) Earnings	\$(2,722)	\$(10,752)	\$(8,484)	\$118,595

*Includes \$3.3 million of other charges in the second quarter of Fiscal

Units	2,175	102	43	2,234	31	24	2,241
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Retail Units Operated - Three Months Ended August 1, 2009

	Balance 05/02/09	Open	Close	Balance 08/01/09
Journeys Group	1,018	6	3	1,021
Journeys	818	3	3	818
Journeys Kidz	145	3	0	148
Shi by Journeys	55	0	0	55
Underground Station Group	177	0	1	176
Hat World Group	880	8	5	883
Johnston & Murphy Group	161	0	0	161
Shops	117	0	0	117
Factory Outlets	44	0	0	44
Total Retail Units	2,236	14	9	2,241

Constant Store Sales

	Three Months Ended		Six Months Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Journeys Group	-9%	2%	-3%	1%
Underground Station Group	-19%	9%	-11%	9%
Hat World Group	-2%	7%	3%	5%
Johnston & Murphy Group	-16%	-4%	-17%	-3%
Total Constant Store Sales	-8%	4%	-3%	3%

Schedule B

Genesco Inc.

Adjustments to Reported (Loss) Earnings from Continuing Operations
Three Months Ended August 1, 2009 and August 2, 2008

In Thousands (except per share amounts)	3 mos Aug 2009	Impact on EPS	3 mos Aug 2008	Impact on EPS
(Loss) earnings from continuing operations, as reported	(2,663)	\$(0.12)	(5,391)	\$(0.29)
Adjustments: (1)				
Merger-related expenses	-	-	202	0.01
Impairment & lease termination charges	2,114	0.09	1,780	0.07
Other legal matters	(32)	-	190	0.01
Convertible debt interest restatement (APB 14-1)	172	0.01	462	0.02
Higher effective tax rate (2)	7	-	6,366	0.27
Effect of change in share count from going to a profit from a loss	-	-	-	0.09
Adjusted (loss) earnings from continuing operations (3)	\$(402)	\$(0.02)	\$3,609	\$0.18

(1) All adjustments are net of tax. The tax rate for the second quarter of Fiscal 2010 is 37.29% excluding FIN 48 discrete items of \$258,000.

The tax rate for the second quarter of Fiscal 2009 before the impact of the settlement of merger-related litigation and deductibility of prior year merger-related expenses is 40.2% excluding a FIN 48 discrete item of \$74,000.

(2) Includes added tax on Finish Line share appreciation and impact on EPS calculation from additional tax in Fiscal 2009.

(3) Reflects 21.8 million share count for Fiscal 2010 and 23.3 million share count for Fiscal 2009 which includes convertible shares and common stock equivalents in Fiscal 2009.

The Company believes that disclosure of earnings and earnings per share from continuing operations on a pro forma basis adjusted for the items not reflected in the previously announced expectations will be meaningful to investors, in light of the impact of changes in effective tax rates and other items not reflected in those expectations.

Schedule B

Genesco Inc.
Adjustments to Forecasted Earnings from Continuing Operations
Fiscal Year Ending January 30, 2010

Baseline Scenario In Thousands (except per share amounts)	High Guidance Fiscal 2010	Low Guidance Fiscal 2010
Forecasted earnings from continuing operations	\$25,426 \$1.17	\$23,067 \$1.07
Adjustments: (1)		
Convertible debt interest restatement (APB 14-1)	1,014 -	1,014 -
Impairment, other legal matters and lease termination charges	9,063 0.39	9,063 0.39
Loss on early retirement of debt	3,117 0.13	3,117 0.13
Higher effective tax rate	2,540 0.11	2,540 0.11
Adjusted forecasted earnings from continuing operations (2)	\$41,160 \$1.80	\$38,801 \$1.70

(1) All adjustments are net of tax. The forecasted tax rate for Fiscal 2010 for the baseline scenario is 39.1%.

(2) Reflects 23.6 million share count for Fiscal 2010 which includes convertible shares and common stock equivalents.

This reconciliation reflects estimates and current expectations of future results. Actual results may vary materially from these expectations and estimates, for reasons including those included in the discussion of forward-looking statements elsewhere in this release. The Company disclaims any obligation to update such expectations and estimates.

SOURCE Genesco Inc.

Financial, James S. Gulmi, +1-615-367-8325, or Media, Claire S. McCall, +1-615-367-8283, both of Genesco Inc.