
FORM 10-Q

(Mark One)

Quarterly Report Pursuant To
Section 13 or 15(d) of the
Securities Exchange Act of 1934
For Quarter Ended
May 1, 1999

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

Securities and Exchange Commission
Washington, D.C. 20549
Commission File No. 1-3083

GENESCO INC.
A Tennessee Corporation
I.R.S. No. 62-0211340
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Nashville, Tennessee 37217-2895
Telephone 615/367-7000

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
(or such shorter period that the
registrant was required to file such
reports with the commission) and (2)
has been subject to such filing
requirements for the past 90 days.

Yes No
--- ---

Common Shares Outstanding June 4, 1999 - 22,622,920

INDEX	PAGE
Part 1 - Financial Information	3
Consolidated Balance Sheet - May 1, 1999, January 30, 1999 and May 2, 1998	3
Consolidated Earnings - Three Months Ended May 1, 1999 and May 2, 1998	4
Consolidated Cash Flows - Three Months Ended May 1, 1999 and May 2, 1998	5
Consolidated Shareholders' Equity - Year Ended January 30, 1999 and Three Months Ended May 1, 1999	6
Notes to Consolidated Financial Statements	7
Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Part II - Other Information	30
Signature	31

PART I - FINANCIAL INFORMATION

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Balance Sheet
In Thousands

	MAY 1, 1999	JANUARY 30, 1999	MAY 2, 1998
ASSETS			
CURRENT ASSETS			
Cash and short-term investments	\$ 55,711	\$ 58,743	\$ 127,702
Accounts receivable	24,332	26,258	22,281
Inventories	104,613	117,213	111,089
Deferred income taxes	16,987	19,327	935
Other current assets	5,491	6,719	4,537
Current assets of operations to be divested	-0-	-0-	12,877
Total current assets	207,134	228,260	279,421
Plant, equipment and capital leases, net	59,823	58,387	49,942
Deferred income taxes	10,370	10,370	-0-
Other noncurrent assets	9,411	10,181	11,538
Noncurrent assets of operations to be divested	-0-	-0-	638
TOTAL ASSETS	\$ 286,738	\$ 307,198	\$ 341,539
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Current debt	\$ -0-	\$ -0-	\$ 75,000
Accounts payable and accrued liabilities	56,597	70,606	62,905
Provision for discontinued operations	2,291	1,876	2,967
Total current liabilities	58,888	72,482	140,872
Long-term debt	103,500	103,500	103,500
Other long-term liabilities	6,399	6,446	11,888
Provision for discontinued operations	7,675	8,191	9,832
Total liabilities	176,462	190,619	266,092
Contingent liabilities (see Note 8)			
SHAREHOLDERS' EQUITY			
Non-redeemable preferred stock	7,917	7,918	7,945
Common shareholders' equity:			
Common stock, \$1 par value:			
Authorized: 80,000,000 shares			
Issued: May 1, 1999 - 23,282,221;			
January 30, 1999 - 24,327,109;			
May 2, 1998 - 26,476,602	23,282	24,327	26,477
Additional paid-in capital	116,846	126,095	133,052
Accumulated deficit	(19,912)	(23,904)	(73,020)
Accumulated other comprehensive income	-0-	-0-	(1,150)
Treasury shares, at cost	(17,857)	(17,857)	(17,857)
Total shareholders' equity	110,276	116,579	75,447
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 286,738	\$ 307,198	\$ 341,539

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

GENESCO INC.
 AND CONSOLIDATED SUBSIDIARIES
 Consolidated Earnings
 Three Months Ended
 In Thousands, except per share amounts

	MAY 1, 1999	MAY 2, 1998
Net sales	\$ 128,656	\$ 133,808
Cost of sales	71,141	75,987
Selling and administrative expenses	49,213	51,984
Earnings from operations before other income and expenses	8,302	5,837
Other expenses (income):		
Interest expense	1,996	2,889
Interest income	(661)	(805)
Other expenses	156	246
Total other (income) expenses, net	1,491	2,330
Pretax earnings	6,811	3,507
Income tax expense (benefit)	2,744	(281)
NET EARNINGS	\$ 4,067	\$ 3,788
Basic earnings per common share	\$ 0.17	\$ 0.14
Diluted earnings per common share	\$ 0.16	\$ 0.13

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Three Months Ended
Consolidated Cash Flows
In Thousands

	MAY 1, 1999	MAY 2, 1998
OPERATIONS:		
Net earnings	\$ 4,067	\$ 3,788
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,440	2,385
Deferred income taxes	2,340	-0-
Provision for losses on accounts receivable	72	554
Other	189	263
Effect on cash of changes in working capital and other assets and liabilities:		
Accounts receivable	317	(765)
Inventories	4,921	(6,549)
Other current assets	1,227	330
Accounts payable and accrued liabilities	(13,594)	(11,024)
Other assets and liabilities	167	(2,842)
Net cash provided by (used in) operating activities	2,146	(13,860)
INVESTING ACTIVITIES:		
Capital expenditures	(4,745)	(7,484)
Proceeds from businesses divested and asset sales	9,964	-0-
Net cash provided by (used in) investing activities	5,219	(7,484)
FINANCING ACTIVITIES:		
Payments on capital leases	-0-	(147)
Stock repurchases	(12,739)	-0-
Long-term borrowings	-0-	103,500
Dividends paid	(75)	-0-
Exercise of options and related income tax benefits	2,417	1,020
Deferred note expense	-0-	(3,474)
Other	-0-	(1,129)
Net cash provided by (used in) financing activities	(10,397)	99,770
NET CASH FLOW	(3,032)	78,426
Cash and short-term investments at beginning of period	58,743	49,276
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	\$ 55,711	\$ 127,702
SUPPLEMENTAL CASH FLOW INFORMATION:		
Net cash paid (received) for:		
Interest	\$ 3,160	\$ 4,534
Income taxes	75	(177)

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Shareholders' Equity
In Thousands

	TOTAL NON-REDEEMABLE PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	ACCUMULATED (DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME
BALANCE JANUARY 31, 1998	\$ 7,945	\$ 26,264	\$ 132,218	\$ (17,857)	\$ (75,456)	\$ (1,150)
Net earnings	-0-	-0-	-0-	-0-	53,128	-0-
Dividends paid	-0-	-0-	-0-	-0-	(1,576)	-0-
Exercise of options	-0-	230	845	-0-	-0-	-0-
Issue shares - restricted stock options	-0-	67	533	-0-	-0-	-0-
Issue shares - Employee Stock Purchase Plan	-0-	107	387	-0-	-0-	-0-
Tax effect of exercise of stock options	-0-	-0-	1,887	-0-	-0-	-0-
Stock repurchases	-0-	(2,343)	(9,889)	-0-	-0-	-0-
Minimum pension liability adjustment	-0-	-0-	-0-	-0-	-0-	1,150
Other	(27)	2	114	-0-	-0-	-0-
Comprehensive Income						
BALANCE JANUARY 30, 1999	\$ 7,918	\$ 24,327	\$ 126,095	\$ (17,857)	\$ (23,904)	\$ -0-
Net earnings	-0-	-0-	-0-	-0-	4,067	-0-
Dividends paid	-0-	-0-	-0-	-0-	(75)	-0-
Exercise of options	-0-	246	1,915	-0-	-0-	-0-
Tax effect of exercise of stock options	-0-	-0-	256	-0-	-0-	-0-
Stock repurchases	-0-	(1,300)	(11,439)	-0-	-0-	-0-
Other	(1)	9	19	-0-	-0-	-0-
Comprehensive Income						
BALANCE MAY 1, 1999	\$ 7,917	\$ 23,282	\$ 116,846	\$ (17,857)	\$ (19,912)	\$ -0-

	Comprehensive Income	Total Share- holders' Equity
BALANCE JANUARY 31, 1998		\$ 71,964
Net earnings	53,128	53,128
Dividends paid	-0-	(1,576)
Exercise of options	-0-	1,075
Issue shares - restricted stock options	-0-	600
Issue shares - Employee Stock Purchase Plan	-0-	494
Tax effect of exercise of stock options	-0-	1,887
Stock repurchases	-0-	(12,232)
Minimum pension liability adjustment	1,150	1,150
Other	-0-	89
Comprehensive Income	\$ 54,278	
BALANCE JANUARY 30, 1999		\$ 116,579
Net earnings	4,067	4,067
Dividends paid	-0-	(75)
Exercise of options	-0-	2,161
Tax effect of exercise of stock options	-0-	256
Stock repurchases	-0-	(12,739)
Other	-0-	27
Comprehensive Income	\$ 4,067	
BALANCE MAY 1, 1999		\$ 110,276

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

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTERIM STATEMENTS

The consolidated financial statements contained in this report are unaudited but reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the results for the interim periods of the fiscal year ending January 29, 2000 ("Fiscal 2000") and of the fiscal year ended January 30, 1999 ("Fiscal 1999"). The results of operations for any interim period are not necessarily indicative of results for the full year. The financial statements should be read in conjunction with the financial statements and notes thereto included in the annual report on Form 10-K.

NATURE OF OPERATIONS

The Company's businesses include the manufacture or sourcing, marketing and distribution of footwear principally under the Johnston & Murphy, Dockers and Nautica brands, the tanning and distribution of leather by the Volunteer Leather division and the operation at May 1, 1999 of 622 Jarman, Journeys, Johnston & Murphy, General Shoe Warehouse, Underground Station and Nautica retail footwear stores and leased departments. Because of the acquisition of Mercantile by Dillard's Inc., the Company ended its operation of the Jarman leased departments. The Company transferred the remaining Jarman lease departments to either Dillard's Inc. or Saks Inc. during the first quarter ended May 1, 1999. The Jarman leased departments' business contributed sales of approximately \$1.2 million and \$11.4 million and operating earnings (loss) of \$(0.3) million and \$0.3 million for the first quarter of Fiscal 2000 and 1999, respectively.

BASIS OF PRESENTATION

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

The preparation of financial statements in conformity with 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.

FINANCIAL STATEMENT RECLASSIFICATIONS

Certain reclassifications have been made to conform prior years' data to the current presentation.

CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments at January 30, 1999 and May 1, 1999, are short-term investments of \$53.5 million and \$47.6 million, respectively. Short-term investments are highly-liquid debt instruments having an original maturity of three months or less.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVENTORIES

Inventories of wholesaling and manufacturing companies are stated at the lower of cost or market, with cost determined principally by the first-in, first-out method. Retail inventories are determined by the retail method.

PLANT, EQUIPMENT AND CAPITAL LEASES

Plant, equipment and capital leases 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 estimated useful lives:

Buildings and building equipment	20-45 years
Machinery, furniture and fixtures	3-15 years

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.

IMPAIRMENT OF LONG-TERM 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 carrying amount.

HEDGING CONTRACTS

In order to reduce exposure to foreign currency exchange rate fluctuations in connection with inventory purchase commitments, the Company enters into foreign currency forward exchange contracts for Italian lira and Euro. At January 30, 1999 and May 1, 1999, the Company had approximately \$21.2 million and \$22.6 million, respectively, of such contracts outstanding. Forward exchange contracts have an average term of approximately four months. Gains and losses arising from these contracts offset gains and losses from the underlying hedged transactions. The Company monitors the credit quality of the major national and regional financial institutions with whom it enters into such contracts.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

POSTRETIREMENT BENEFITS

Substantially all full-time employees are covered by a defined benefit pension plan. 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.

REVENUE RECOGNITION

Retail sales are recorded net of actual returns, and exclude all taxes, while wholesale revenue is recorded net of returns when the related goods have been shipped and legal title has passed to the customer.

PREOPENING COSTS

Costs associated with the opening of new stores are expensed as incurred.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs were \$5.1 million and \$4.3 million for the first quarter of Fiscal 2000 and 1999, respectively.

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.

INCOME TAXES

Deferred income taxes are provided for all temporary differences and operating loss and tax credit carryforwards limited, in the case of deferred tax assets, to the amount the Company believes is more likely than not to be realized in the foreseeable future.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 7).

COMPREHENSIVE INCOME

The Company implemented Statement of Financial Accounting Standards (SFAS) 130, "Reporting Comprehensive Income" in the first quarter of Fiscal 1999. This statement establishes standards for reporting and display of comprehensive income. SFAS 130 requires the minimum pension liability adjustment to be included in other comprehensive income.

BUSINESS SEGMENTS

The Company implemented Statement of Financial Accounting Standards (SFAS) 131, "Disclosures about Segments of an Enterprise and Related Information" in the fourth quarter of Fiscal 1999. The standard requires that companies disclose "operating segments" based on the way management disaggregates the company for making internal operating decisions. (see Note 9).

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 2
RESTRUCTURINGS

Workforce Reduction

In connection with the divestiture of the western boot business and the substantial completion of the exiting of the Jarman leased department business, the Company reviewed the structure and level of staffing in all of its operations. Upon completion of the review, the Company recorded a \$1.3 million charge to earnings included in selling and administrative expenses for a workforce reduction of 66 positions, of which 50 positions were eliminated by May 1, 1999. Twenty-six of the positions eliminated related to the Jarman Lease division, with the remainder being primarily employed at corporate headquarters.

Fiscal 1998 Restructuring

As a result of the continued weakness in the western boot market, the Company approved a plan (the "Boot Divestiture") in the fourth quarter of Fiscal 1998 to exit the western boot business. In connection with the Boot Divestiture, the Company recorded a charge to earnings of \$17.3 million in the fourth quarter of Fiscal 1998, including \$11.3 million in asset writedowns. The carrying value of the assets held for sale was reduced to fair value based on estimated selling values less estimated costs to sell. The charges related to the Boot Divestiture also included \$3.2 million in employee-related costs and \$2.8 million of facility shutdown and other costs. On June 12, 1998, the Company and Texas Boot, Inc. entered into an agreement providing for the purchase by Texas Boot, Inc. of most of the assets related to the western boot business, including the Company's 26 store Boot Factory retail chain, which the Company had not planned to include in the Boot Divestiture. The Company completed the sale of its western boot business to Texas Boot, Inc. on July 14, 1998. Net sales of the Company's western boot business were \$10.8 million and the operating loss was \$0.9 million for the first quarter ended May 2, 1998.

The Company's actions relating to the Boot Divestiture resulted in the elimination of 622 jobs, including all positions related to the western boot business and the Boot Factory retail chain.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 3
ACCOUNTS RECEIVABLE

IN THOUSANDS	MAY 1, 1999	JANUARY 30, 1999
Trade accounts receivable	\$ 24,930	\$ 23,106
Miscellaneous receivables	1,970	5,430
<hr style="border-top: 1px dashed black;"/>		
Total receivables	26,900	28,536
Allowance for bad debts	(1,018)	(1,075)
Other allowances	(1,550)	(1,203)
<hr style="border-top: 1px dashed black;"/>		
NET ACCOUNTS RECEIVABLE	\$ 24,332	\$ 26,258
<hr style="border-top: 1px dashed black;"/>		

The Company's footwear wholesaling business sells primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Credit risk is affected by conditions or occurrences within the economy and the retail industry. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. One customer accounted for 11% of the Company's trade receivables balance as of May 1, 1999 and no other customer accounted for more than 8% of the Company's trade receivables balance as of May 1, 1999.

NOTE 4
INVENTORIES

IN THOUSANDS	MAY 1, 1999	JANUARY 30, 1999
Raw materials	\$ 2,623	\$ 2,969
Work in process	2,166	2,077
Finished goods	24,067	33,949
Retail merchandise	75,757	78,218
<hr style="border-top: 1px dashed black;"/>		
TOTAL INVENTORIES	\$104,613	\$117,213
<hr style="border-top: 1px dashed black;"/>		

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 5

PLANT, EQUIPMENT AND CAPITAL LEASES, NET

IN THOUSANDS	MAY 1, 1999	JANUARY 30, 1999
Plant and equipment:		
Land	\$ 263	\$ 263
Buildings and building equipment	2,726	2,729
Machinery, furniture and fixtures	41,717	39,587
Construction in progress	6,182	8,819
Improvements to leased property	56,906	56,790
Capital leases:		
Buildings	200	200
Machinery, furniture and fixtures	3,925	4,026
Plant, equipment and capital leases, at cost	111,919	112,414
Accumulated depreciation and amortization:		
Plant and equipment	(48,307)	(49,993)
Capital leases	(3,789)	(4,034)
NET PLANT, EQUIPMENT AND CAPITAL LEASES	\$ 59,823	\$ 58,387

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 6
PROVISION FOR DISCONTINUED OPERATIONS AND RESTRUCTURING RESERVES

PROVISION FOR DISCONTINUED OPERATIONS

IN THOUSANDS	EMPLOYEE RELATED COSTS*	OTHER	TOTAL
Balance January 30, 1999	\$ 9,693	\$ 374	\$ 10,067
Charges and adjustments, net	-0-	(101)	(101)
Balance May 1, 1999	9,693	273	9,966
Current portion	2,018	273	2,291
TOTAL NONCURRENT PROVISION FOR DISCONTINUED OPERATIONS	\$ 7,675	\$ -0-	\$ 7,675

*Union pension withdrawal liability.

RESTRUCTURING RESERVES

IN THOUSANDS	EMPLOYEE RELATED COSTS	FACILITY SHUTDOWN COSTS	OTHER	TOTAL
Balance January 30, 1999	\$ 268	\$ 955	\$ 985	\$ 2,208
Charges and adjustments, net	(18)	(59)	(106)	(183)
Balance May 1, 1999	250	896	879	2,025
Current portion (included in accounts payable and accrued liabilities)	250	773	879	1,902
TOTAL NONCURRENT RESTRUCTURING RESERVES (INCLUDED IN OTHER LONG-TERM LIABILITIES)	\$ -0-	\$ 123	\$ -0-	\$ 123

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 7
EARNINGS PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	FOR THE THREE MONTHS ENDED MAY 1, 1999			FOR THE THREE MONTHS ENDED MAY 2, 1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
Net Earnings	\$4,067			\$3,788		
Less: Preferred stock dividends	(75)			(75)		
BASIC EPS						
Income available to common shareholders	3,992	23,594	\$.17 ====	3,713	25,915	\$.14 ====
EFFECT OF DILUTIVE SECURITIES						
Options		962			1,490	
Contingent Options(1)		-0-			200	
Employees' Preferred Stock(2)		73			80	
DILUTED EPS						
Income available to common shareholders plus assumed conversions	\$3,992	24,629	\$.16	\$3,713	27,685	\$.13

(1) These options are contingent upon service to the Company and the Company's common stock trading at various prices.

(2) 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.

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 the period. Therefore, conversion of the convertible preferred stock is not reflected in diluted earnings per share, because it would have been antidilutive. The shares convertible to common stock for Series 1, 3 and 4 preferred stock would have been 30,816, 40,869 and 24,946, respectively.

The amount of the interest on the convertible subordinated notes (net of tax) for the period per common share obtainable on conversion is higher than basic earnings per share, therefore the convertible debt is not reflected in diluted earnings per share because it is antidilutive.

The weighted shares outstanding reflects the effect of the stock buy back program of up to 4.8 million shares announced by the Company in August 1998 and January 1999. The Company has repurchased 3.6 million shares as of May 1, 1999.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 8
LEGAL PROCEEDINGS

New York State Environmental Proceedings

The Company is a defendant in a civil action filed by the State of New York against the City of Gloversville, New York, and 33 other private defendants. The action arose out of the alleged disposal of certain hazardous material directly or indirectly into a municipal landfill and seeks recovery under a federal environmental statute and certain common law theories for the costs of investigating and performing remedial actions and damage to natural resources. The environmental authorities have selected a plan of remediation for the site with a total estimated cost of approximately \$12.0 million. The Company has filed an answer to the complaint denying liability and asserting numerous defenses. The Company, along with other defendants, and the State of New York are participating in non-binding mediation in an attempt to agree upon an allocation of the remediation costs. Because of uncertainties related to the ability or willingness of the other defendants to pay a portion of remediation costs, the availability of New York State funding to pay a portion of remediation costs and insurance coverage available to the various defendants, the applicability of joint and several liability and the basis for contribution claims among the defendants, management is unable to predict the outcome of the action. However, management does not presently expect the action to have a material effect on the Company's financial condition or results of operations.

The Company has received notice from the New York State Department of Environmental Conservation (the "Department") that it deems remedial action to be necessary with respect to certain contaminants in the vicinity of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969, and that it considers the Company a potentially responsible party. In August 1997, the Department 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 remediation measure with regard to the site, without admitting liability or accepting responsibility for any future remediation of the site. In conjunction with the consent order, the Company entered into an agreement with the owner of the site providing for a release from liability for property damage and for necessary access to the site, for payments totaling \$400,000. The Company estimates that the cost of conducting the RIFS and implementing the interim remedial measure will be in the range of \$1.6 million to \$2.0 million. The Company believes that it has adequately reserved for the costs of conducting the RIFS and implementing the interim remedial measure contemplated by the consent order, but there is no assurance that the consent order will ultimately resolve the matter. 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 whether its liability, if any, beyond that voluntarily assumed by the consent order will have a material effect on its financial condition or results of operations.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 8
LEGAL PROCEEDINGS, CONTINUED

Whitehall Environmental Sampling

The Michigan Department of Environmental Quality ("MDEQ") has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's Volunteer Leather Company facility in Whitehall, Michigan. In response to the testing data, the Company submitted and MDEQ approved a work plan, pursuant to which the Company performed a hydrogeological study and a series of studies regarding wastes on-site and groundwater. On the basis of these studies, the Company, with the approval of MDEQ, has installed horizontal wells to capture groundwater from a portion of the site, will treat the groundwater either after its use in the manufacturing process or through an air sparge system and will install monitoring wells. Associated operations and maintenance costs are expected to be in the range of \$10,000 to \$15,000 per year. Based on these estimates, the Company does not believe that soil and groundwater remediation at the site will have a material impact on its financial condition or results of operations. The proposed plan does not address lake sediments. Officials of MDEQ have been quoted in press reports as proposing a \$3.5 million lake sediment cleanup with \$2.5 million to be funded by responsible parties, which would presumably include but not be limited to the Company. Certain remedial alternatives could be more costly. The MDEQ has informally advised the Company that it intends to begin its own testing of lake sediments and may consider a remediation strategy which would involve dredging a portion of the lake. The Company is continuing to study the lake sediment issues, and at present is unable to predict whether and to what extent it may be required to participate in a remediation of sediments, or whether its participation, if any, will have a material effect on its financial condition or results of operations.

Other Legal Proceedings

On August 8, 1997, the trustee in bankruptcy of a Texas boot retailer filed an action in Texas state court against the Company and an unrelated boot wholesaler and retail chain alleging violations of a Texas antitrust statute and breach of contract by the Company. The trustee's allegations against the Company involve its decision not to consign additional boot inventories to the bankrupt retailer for its liquidation sale. The complaint seeks damages in an unspecified amount. The Company has filed an answer denying all material allegations in the complaint and does not presently expect the action to have a material effect on its financial condition or results of operations. The Company and the plaintiff have agreed, subject to bankruptcy court approval, to settle the action for a payment of \$162,500 by the Company.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 9
BUSINESS SEGMENT INFORMATION

The Company has four reportable segments: Specialty Retail Footwear, comprised of Journeys, Jarman and General Shoe Warehouse; Branded Footwear, comprised of Johnston & Murphy retail and wholesale, Dockers Footwear and Nautica Footwear; Leather; and Western Boots, which was divested in Fiscal 1999. All the Company's segments, except Leather, sell footwear products at either retail or wholesale. The Leather segment is comprised of Volunteer Leather, a leather tanning and finishing company which sells primarily to military boot manufacturers and other customers.

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 an organization methodology used by management in order to make operating decisions and assess performance along types of products sold. Specialty Retail Footwear primarily sells branded products from other companies while Branded Footwear primarily sells the Company's owned and licensed brands.

Corporate assets include cash, deferred income taxes, prepaid pension cost and deferred note expense. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, restructuring gains and losses, interest expense, interest income, and other charges. Other charges include severance and litigation charges.

THREE MONTHS ENDED MAY 2, 1999	SPECIALTY RETAIL FOOTWEAR	BRANDED FOOTWEAR	LEATHER	CORPORATE	CONSOLIDATED
Sales to external customers	\$ 61,253	\$ 63,550	\$5,836	\$ -0-	\$ 130,639
Intercompany sales	-0-	(1,436)	(547)	-0-	(1,983)
Net sales	61,253	62,114	5,289	-0-	128,656
Operating income (loss)	3,521	6,825	200	(2,273)	8,273
Interest expense	-0-	-0-	-0-	1,996	1,996
Interest income	-0-	-0-	-0-	661	661
Other charges	-0-	-0-	-0-	(127)	(127)
Pretax earnings	3,521	6,825	200	(3,735)	6,811
Total assets	84,778	83,655	8,836	109,469	286,738
Depreciation	1,229	718	115	378	2,440
Capital expenditures	2,847	1,120	9	769	4,745

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 9
BUSINESS SEGMENT INFORMATION, CONTINUED

THREE MONTHS ENDED MAY 1, 1998	SPECIALTY RETAIL FOOTWEAR	BRANDED FOOTWEAR	LEATHER	WESTERN BOOT	CORPORATE	CONSOLIDATED
Sales to external customers	\$ 61,943	\$ 57,103	\$ 6,621	\$ 10,796	\$ -0-	\$ 136,463
Intercompany sales	-0-	(1,858)	(797)	-0-	-0-	(2,655)
Net sales	61,943	55,245	5,824	10,796	-0-	133,808
Operating income (loss)	3,805	5,576	262	(883)	(3,096)	5,664
Interest expense	-0-	-0-	-0-	-0-	2,889	2,889
Interest income	-0-	-0-	-0-	-0-	805	805
Other charges	-0-	-0-	-0-	-0-	(73)	(73)
Pretax earnings	3,805	5,576	262	(883)	(5,253)	3,507
Total assets	95,171	72,363	9,971	13,515	150,519	341,539
Depreciation	1,061	643	179	196	306	2,385
Capital expenditures	5,408	775	28	18	1,255	7,484

GENESCO INC.
 AND CONSOLIDATED SUBSIDIARIES
 Management's Discussion and Analysis
 of Financial Condition and Results of Operations

This discussion and the notes to the Consolidated Financial Statements include certain forward-looking statements. Actual results could differ materially from those reflected by the forward-looking statements in the discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include changes in consumer demand or tastes that affect sales in the Company's retail stores or sales by its Branded Footwear operations at wholesale, changes in business strategies or directions of the Company's competitors, the Company's ability to open, staff and support additional retail stores on schedule and at acceptable expense levels, the cost and availability of externally sourced products and the acceptance of planned new product offerings. Failure by the Company to successfully complete its plans for addressing the Year 2000 issue, discussed elsewhere in this report, or failures related to the issue by key suppliers of goods or services to the Company or by the customers of the Company could also result in a failure to meet expectations reflected in forward-looking statements. Other factors that could also lead to such a failure to meet expectations reflected in forward looking statements include international trade developments affecting foreign sourcing of products, the outcome of various litigation and environmental contingencies, including those discussed in Note 8 to the Consolidated Financial Statements, the solvency of the wholesale customers of the Company and the ability to deal with changes in markets for the Company's products. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies to address changing conditions.

SIGNIFICANT DEVELOPMENTS

Leased Department Transition

Under an agreement with Mercantile Stores Company, Inc. the Company operated the men's shoe departments in Mercantile department stores through the Company's Jarman Lease division. Because of the acquisition of Mercantile by Dillard's Inc., the Company has ended its operation of the leased departments. The Company transferred the remaining Jarman leased departments to Dillard's Inc. or Saks Inc. during the first quarter ended May 1, 1999. The Jarman leased departments' business contributed sales of approximately \$1.2 million and \$11.4 million and operating earnings (loss) of \$(0.3) million and \$0.3 million for the first quarter of Fiscal 2000 and 1999, respectively.

Share Repurchase Program

During the third quarter ended October 31, 1998, the Company authorized the purchase, from time to time, of up to 2.6 million shares of the Company's common stock. During the fourth quarter ended January 30, 1999, the Company authorized an additional 2.2 million shares to be repurchased. The purchases may be made on the open market or in privately negotiated transactions. As of May 1, 1999, the Company had repurchased 3.6 million shares at a cost of \$25.0 million.

Workforce Reduction

In connection with the divestiture of the western boot business and the substantial completion of the exiting of the Jarman leased department business, the Company reviewed the structure and level of

GENESCO INC.
 AND CONSOLIDATED SUBSIDIARIES
 Management's Discussion and Analysis
 of Financial Condition and Results of Operations

staffing in all of its operations. Upon completion of the review, the Company recorded a \$1.3 million charge to earnings during the fourth quarter of Fiscal 1999 included in selling and administrative expenses for a workforce reduction of 66 positions, of which 50 positions were eliminated by May 1, 1999. Twenty-six of the positions eliminated related to the Jarman Lease division, with the remainder being primarily employed at corporate headquarters.

5 1/2% Convertible Subordinated Notes

On April 9, 1998, the Company issued \$103.5 million of 5 1/2% convertible subordinated notes due April 15, 2005. During the second quarter of Fiscal 1999 the Company used: 1) \$79.9 million of the proceeds to repay all of the Company's 10 3/8% senior notes including interest and expenses incurred in connection therewith, resulting in an extraordinary loss, net of tax, of \$2.2 million, 2) \$1.3 million of the proceeds to pay preferred dividends in arrears because of certain covenants in the indenture relating to the senior notes, and 3) the remaining proceeds for general corporate purposes.

Fiscal 1998 Restructuring

As a result of the continued weakness in the western boot market, the Company approved a plan (the "Boot Divestiture") in the fourth quarter of Fiscal 1998 to exit the western boot business. In connection with the Boot Divestiture, the Company recorded a charge to earnings of \$17.3 million in the fourth quarter of Fiscal 1998, including \$11.3 million in asset writedowns. The carrying value of the assets held for sale was reduced to fair value based on estimated selling values less estimated costs to sell. The charges related to the Boot Divestiture also included \$3.2 million in employee-related costs and \$2.8 million of facility shutdown and other costs. On June 12, 1998, the Company and Texas Boot, Inc. entered into an agreement providing for the purchase by Texas Boot, Inc. of most of the assets related to the western boot business, including the Company's 26 store Boot Factory retail chain, which the Company had not planned to include in the Boot Divestiture. The Company completed the sale of its western boot business to Texas Boot, Inc. on July 14, 1998. Net sales of the Company's western boot business were \$10.8 million and the operating loss was \$0.9 million for the first quarter ended May 2, 1998.

The Company's actions relating to the Boot Divestiture resulted in the elimination of 622 jobs, including all positions related to the western boot business and the Boot Factory retail chain.

RESULTS OF OPERATIONS - FIRST QUARTER FISCAL 2000 COMPARED TO FISCAL 1999

The Company's net sales in the first quarter ended May 1, 1999 decreased 3.9% to \$128.7 million from \$133.8 million in the first quarter ended May 2, 1998. Pro forma for the Boot Divestiture including the western boot retail stores as though it had occurred prior to the beginning of the earlier period, the Company's net sales increased 4.6% to \$128.7 million in the first quarter ended May 1, 1999 from \$123.0 million in the same period last year. Gross margin decreased 0.5% to \$57.5 million in the first quarter this year from \$57.8 million in the same period last year but increased as a percentage of net sales from 43.2% to 44.7%. Selling and administrative expenses in the first

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

quarter this year decreased 5.3% from the first quarter last year and decreased as a percentage of net sales from 38.8% to 38.3%.

Pretax earnings in the first quarter ended May 1, 1999 were \$6.8 million compared to \$3.5 million for the first quarter ended May 2, 1998.

Net earnings for the first quarter ended May 1, 1999 were \$4.1 million (\$.16 diluted earnings per share) compared to \$3.8 million (\$.13 diluted earnings per share) for the first quarter ended May 2, 1998. The Company had an effective tax rate of 40.3% for the first quarter ended May 1, 1999. Net earnings for the first quarter last year included a tax credit of \$281,000.

Specialty Retail Footwear

	Three Months Ended		% Change
	May 1, 1999	May 2, 1998	
	-----		-----
	(dollars in thousands)		
Net sales	\$61,253	\$61,943	(1.1)%
Operating income	\$ 3,521	\$ 3,805	(7.5)%
Operating margin	5.7%	6.1%	

Primarily due to the exiting of the Jarman lease business, net sales from Specialty Retail Footwear operations decreased 1.1% for the first quarter ended May 1, 1999 compared to the same period last year. Excluding sales attributable to the Jarman lease business from both periods, Specialty Retail Footwear net sales increased 19% for the first quarter of this year compared to the first quarter of last year, primarily due to a 3% increase in comparable store sales and a 23% increase in average ongoing Specialty Retail Footwear stores operated. Excluding the Jarman lease business, the average price per pair of shoes increased 3% and unit sales increased 20% for the first quarter of Fiscal 2000.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

The Company's comparable store sales and store count for Specialty Retail Footwear at the end of the periods were as follows:

	Comparable Sales Changes	Store Count	
		May 1, 1999	May 2, 1998
Journeys	6%	270	212
Jarman Retail	0%	164(1)	161(2)
Jarman Lease	56%(3)	-0-	103
General Shoe Warehouse	-13%	16	14
		---	---
Total Specialty Retail Footwear	3%	450	490
		===	===

(1) Includes seventeen Underground Station stores.

(2) Includes three Underground Stations stores.

(3) This number is high from the liquidation of the inventory due to the close out of the Jarman lease business in the first quarter of Fiscal 2000.

Specialty Retail Footwear operating income for the first quarter ended May 1, 1999 was down 7.5% to \$3.5 million compared to \$3.8 million for the same period last year. The decline was due primarily to the exiting of the Jarman lease business. The Jarman lease business lost \$0.3 million in the first quarter this year compared to earnings of \$0.3 million for the same period last year.

Branded Footwear

	Three Months Ended		% Change
	May 1, 1999	May 2, 1998	
	(dollars in thousands)		
Net sales	\$62,114	\$55,245	12.4%
Operating income	\$ 6,825	\$ 5,576	22.4%
Operating margin	11.0%	10.1%	

Branded Footwear net sales increased 12.4% to \$62.1 million for the first quarter ended May 1, 1999 from \$55.2 million for the first quarter ended May 2, 1998, reflecting primarily a 5% increase in comparable store sales for Johnston & Murphy Retail, a 21% increase in average Branded Footwear retail stores operated and a 10% increase in men's Branded Footwear wholesale sales. The store count for Branded Footwear retail operations at the end of the first quarter this year included 136 Johnston & Murphy stores and factory stores and 36 Nautica Retail leased departments compared to 129 Johnston & Murphy stores and factory stores and eight Nautica Retail leased departments at the end of the first quarter of last year. The average price per pair of shoes for Branded Footwear retail

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

increased 1% for the first quarter of this year and unit sales increased 12% during the same period. Unit sales for the Branded Footwear wholesale businesses increased 12% for the first quarter of this year while the average price per pair of shoes decreased 3% for the same period.

Branded Footwear operating income for the first quarter ended May 1, 1999 increased 22.4% from \$5.6 million in the first quarter of last year to \$6.8 million in the first quarter of this year, primarily due to increased sales, increased gross margin as a percentage of sales and decreased expenses as a percentage of sales.

Leather

	Three Months Ended		% Change
	May 1, 1999	May 2, 1998	
	(dollars in thousands)		
Net sales	\$ 5,289	\$ 5,824	(9.2)%
Operating income	\$ 200	\$ 262	(23.7)%
Operating margin	3.8%	4.5%	

Leather net sales decreased 9.2% to \$5.3 million in the first quarter ended May 1, 1999 from \$5.8 million in the first quarter ended May 2, 1998, primarily due to lower orders from military footwear suppliers, which were impacted by a decrease in demand for leather military footwear, which makes up the bulk of the Company's tanned leather business.

Leather operating income decreased from \$0.3 million in the first quarter last year to \$0.2 million in the first quarter this year, primarily due to lower sales and lower gross margin as a percentage of sales.

Corporate, Interest Expenses and Other Charges

Corporate and other expenses for the first quarter ended May 1, 1999 were \$2.3 million compared to \$3.1 million for the first quarter ended May 2, 1998 (exclusive of other charges of \$0.1 million, primarily litigation and severance charges, in the first quarter this year and other charges of \$0.1 million, primarily litigation charges, in the first quarter last year), a decrease of 26.6%. The decrease in corporate expenses in the first quarter this year is attributable primarily to decreased professional expenses and decreased compensation expense including bonus accruals.

Interest expense decreased 30.9% from \$2.9 million in the first quarter ended May 2, 1998 to \$2.0 million in the first quarter ended May 1, 1999, primarily due to the decrease in interest rates on the Company's long-term debt from 10 3/8% on \$75 million borrowings to 5 1/2% on \$103.5 million borrowings. Interest income decreased 17.9% from \$0.8 million in the first quarter of last year to \$0.7 million in the first quarter of this year, due to decreases in interest rates.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

There were no borrowings under the Company's revolving credit facility during the three months ended May 1, 1999 or May 2, 1998.

LIQUIDITY AND CAPITAL RESOURCES

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

	May 1, 1999	May 2, 1998
	(dollars in millions)	

Cash and short-term investments	\$ 55.7	\$ 127.7
Working capital	\$ 148.2	\$ 138.5
Long-term debt (includes current maturities)	\$ 103.5	\$ 178.5
Current ratio	3.5x	2.0x

On April 9, 1998, the Company issued \$103.5 million in principal amount of 5 1/2% Convertible Subordinated Notes due 2005. On May 8, 1998, using a portion of the proceeds of the sale of the Convertible Subordinated Notes, the Company redeemed \$75 million in principal amount of its 10 3/8% Senior Notes due 2003, at 102.96% of their face value.

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. Cash flow from operations is generated principally in the fourth quarter of each fiscal year.

Cash provided by operating activities was \$2.1 million in the first three months of Fiscal 2000 compared to \$13.9 million cash used in operating activities in the first three months of Fiscal 1999. The \$16.0 million increase in cash flow from operating activities reflects primarily the decrease in inventories. Contributing to the inventory change was a slowdown in store openings from 70 stores in last years first quarter to 29 stores in this years first quarter and the selloff of Jarman lease inventory.

The \$4.9 million decrease in inventories at May 1, 1999 from January 30, 1999 levels reflected in the statement of cash flows reflects the exiting of the Jarman lease business and planned seasonal decreases in men's branded wholesale inventory.

Accounts receivable at May 1, 1999 decreased \$0.3 million compared to January 30, 1999 primarily due to the exiting of the Jarman lease business.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

Cash used due to changes in accounts payable and accrued liabilities are as follows:

	Three Months Ended	
	May 1, 1999	May 2, 1998
	----- (in thousands) -----	
Accounts payable	\$ (6,831)	\$ (3,499)
Accrued liabilities	(6,763)	(7,525)
	----- \$(13,594)	----- \$(11,024)
	=====	=====

The fluctuations in accounts payable for the first quarter this year from the first quarter last year are due to changes in buying patterns, payment terms negotiated with individual vendors and changes in inventory levels.

The change in accrued liabilities for the first quarter this year was due primarily to payments related to bonus plans and changes in timing of interest payments.

There were no revolving credit borrowings during the first three months ended May 1, 1999 and May 2, 1998, as cash generated from operations, the Boot Divestiture and cash on hand funded seasonal working capital requirements and capital expenditures.

Capital Expenditures

Total capital expenditures in Fiscal 2000 are expected to be approximately \$23.9 million. These include expected retail expenditures of \$17.7 million to open approximately 50 Journeys stores, 21 Johnston & Murphy stores and factory stores, seven Jarman Retail stores and five Nautica Retail leased departments and to complete 38 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes are expected to be approximately \$6.2 million, including approximately \$3.0 million for new systems to improve customer service and support the Company's growth.

Year 2000

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal activities.

The Company has determined that it will be required to modify or replace significant portions of its software so that its computer systems will properly utilize dates beyond December 31, 1999. The Company is in the process of upgrading and modernizing its major information systems, including

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

its wholesale and retail operating systems and its financial systems. The replacement systems are expected to be Year 2000 compliant.

The Company is utilizing both internal and external resources to reprogram or replace and test software for Year 2000 compliance. The Company currently has 100% of the estimated human resources it expects to be required in the remediation and testing process committed.

The Company plans to complete its Year 2000 project no later than October 31, 1999. As of the beginning of the first quarter of Fiscal 2000, the Company is using all modules of its new financial system. The Company has implemented a contingency plan that provides for remediation of the existing retail systems, adding an additional 0.5 million lines of code to be remediated. After adjusting for the additional lines of code to be remediated, the Company has completed the remediation, including final testing, of approximately 76% of its identified 2.5 million lines of code in its legacy systems. The Company's existing staffing plan would allow the completion of this contingency plan by the end of October 1999.

The total cost of upgrading most of the Company's major operating systems, including the Year 2000 project for Fiscal Years 1998 through 2000, is estimated at \$20.3 million and is being funded through operating cash flows and cash on hand. Of the total project cost, approximately \$12.5 million is attributable to the purchase of new software and hardware which has been or will be capitalized. The remaining \$8.0 million has been or will be expensed, including projected costs of \$2.1 million for Fiscal 2000. Cumulative to date expenditures through May 1, 1999 are \$5.8 million plus cumulative capital expenditures of \$10.0 million.

The Company has developed plans for formal communications with all of its significant suppliers and large customers to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 issues. The communications began in the last quarter of Fiscal 1998 which the Company initially completed in the fourth quarter of Fiscal 1999 and the Company anticipates follow-up continuing until the Year 2000 with critical trading partners based on the initial responses. There can be no assurance the systems of other companies on which the Company's systems rely will be timely converted, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have material adverse effect on the Company. The Company is presently developing contingency plans to determine what actions the Company will take if its trading partners are not Year 2000 compliant. The Company expects such contingency plans to be completed by the end of July 1999.

The costs of the project and the date on which the Company plans to complete the Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third party modification plans and other factors. Management uses outside consultants to review the adequacy of its Year 2000 plans. However, there can be no assurance that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that might cause such

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

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 8 to the Company's Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including provisions of \$150,000 in discontinued operations in Fiscal 1997, \$250,000 reflected in Fiscal 1998 and \$402,000 reflected in Fiscal 1999. The Company monitors these proceedings on an ongoing basis and at least quarterly 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 as of the close of the most recent fiscal quarter. Because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, however, 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.

Future Capital Needs

The Company expects that cash on hand and cash provided by operations will be sufficient to fund all of its capital expenditures through Fiscal 2000, although the Company may borrow from time to time to support seasonal working capital requirements. The approximately \$4.2 million of costs associated with the prior restructurings that are expected to be incurred during the next twelve months are also expected to be funded from cash on hand. The Company has also authorized the repurchase, from time to time, of up to 4.8 million shares of the Company's common stock. These purchases will be funded from available cash. The Company has repurchased 3.6 million shares at a cost of \$25.0 million as of May 1, 1999.

There were \$7.2 million of letters of credit outstanding under the revolving credit agreement at May 1, 1999, leaving availability under the revolving credit agreement of \$57.8 million.

The Company's revolving credit agreement restricts the payment of dividends and other payments with respect to capital stock. At May 1, 1999, \$45.3 million was available for such payments. 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 \$300,000.

GENESCO INC.
AND CONSOLIDATED SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

CHANGES IN ACCOUNTING PRINCIPLES

In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, effective for fiscal years beginning after June 15, 1999. The Financial Accounting Standards Board issued an exposure draft in May of 1999 to delay the effective date of SFAS No. 133 for one year, to fiscal years beginning after June 15, 2000. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires 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 will depend on the intended use of the derivative and the resulting designation. At this time, management has not fully evaluated the impact of SFAS No. 133.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On June 4, 1999, a truck driver employed by a carrier for a chemical vendor died after inhaling a toxic vapor produced when he deposited a chemical compound that he was delivering to the Company's Whitehall, Michigan, leather tannery into a tank containing another chemical solution. Regulatory authorities, including the National Transportation Safety Board and the Michigan Occupational Safety and Health Administration, are investigating the incident. The Company is currently unable to predict the effect, if any, of the incident on its financial condition or results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

(27) Financial Data Schedule (for SEC use only)

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REPORTS ON FORM 8-K
None

SIGNATURE

Pursuant to the requirements 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.

/s/ James S. Gulmi

James S. Gulmi
Chief Financial Officer
June 15, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM GENESCO INC.'S 1ST QUARTER FISCAL 2000 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS	
JAN-29-2000	JAN-31-1999
	MAY-01-1999
	8,069
47,642	
23,380	
1,018	
104,613	
207,134	111,919
52,096	
286,738	
58,888	103,500
0	
	7,917
	23,282
	79,077
286,738	
	128,656
128,656	71,141
	71,141
	0
	73
1,996	
6,811	
2,744	
4,067	0
	0
	0
	4,067
	0.17
	0.16