GENESCO INC
Form 10-K
March 31, 2010

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

þ **Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Fiscal Year Ended January 30, 2010

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

for the transition period from __________ to __________

Commission File No. 1-3083
Genesco Inc.
(Exact name of registrant as specified in its charter)

Tennessee Corporation	62-0211340
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Genesco Park, 1415 Murfreesboro Road	
Nashville, Tennessee	37217-2895
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(615) 367-7000**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of Exchange on which Registered
Common Stock, $1.00 par value	New York and Chicago
Preferred Share Purchase Rights	New York and Chicago

Securities Registered Pursuant to Section 12(g) of the Act:
Subordinated Serial Preferred Stock, Series 1
Employees Subordinated Convertible Preferred Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer; an accelerated filer; a non-accelerated filer; or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one:)

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes o No þ

The aggregate market value of common stock held by nonaffiliates of the registrant as of August 1, 2009, the last business day of the registrant s most recently completed second fiscal quarter, was approximately $492,000,000. The market value calculation was determined using a per share price of $21.72, the price at which the common stock was last sold on the New York Stock Exchange on such date. For purposes of this calculation, shares held by nonaffiliates excludes only those shares beneficially owned by officers, directors, and shareholders owning 10% or more of the outstanding common stock (and, in each case, their immediate family members and affiliates).

As of March 19, 2010, 24,033,389 shares of the registrant s common stock were outstanding.

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Documents Incorporated by Reference

Portion of Genesco s Annual Report to Shareholders for the fiscal year ended January 30, 2010 are incorporated into Part II by reference.

Portions of the proxy statement for the June 23, 2010 annual meeting of shareholders are incorporated into Part III by reference.

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PART I

ITEM 1, BUSINESS

General

Genesco is a leading retailer of branded footwear, of licensed and branded headwear, of licensed sports apparel and accessories and a wholesaler of branded footwear, with net sales for Fiscal 2010 of $1.57 billion. During Fiscal 2010, the Company operated five reportable business segments (not including corporate): Journeys Group, comprised of the Journeys, Journeys Kidz and Shi by Journeys retail footwear chains, catalog and e-commerce operations; Underground Station Group, comprised of the Underground Station retail footwear chain and e-commerce operations and the remaining Jarman retail footwear stores; Hat World Group, comprised of the Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Locker Room retail headwear stores and e-commerce operations, the Sports Fan-Attic retail licensed sports headwear, apparel and accessory stores acquired in November 2009 and the Impact Sports and Great Plains Sports team businesses acquired in November 2008 and September 2009, respectively; Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, catalog and e-commerce operations and wholesale distribution; and Licensed Brands, comprised primarily of Dockers® footwear, sourced and marketed under a license from Levi Strauss & Company.

At January 30, 2010, the Company operated 2,276 retail footwear, headwear and sports apparel and accessories stores located primarily throughout the United States and in Puerto Rico, but also including 60 headwear stores in Canada. It currently plans to open a total of approximately 69 new retail stores and close 59 retail stores in Fiscal 2011. At January 30, 2010, Journeys Group operated 1,025 stores, including 150 Journeys Kidz and 56 Shi by Journeys; Underground Station Group operated 170 stores; Hat World Group operated 921 stores and Johnston & Murphy Group operated 160 retail shops and factory stores.

The following table sets forth certain additional information concerning the Company s retail footwear and headwear stores during the five most recent fiscal years:

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Retail Footwear and Headwear Stores					
Beginning of year	1,618	1,773	2,009	2,175	2,234
Opened during year	193	224	229	102	61
Acquired during year	-0-	49	-0-	-0-	38
Closed during year	(38)	(37)	(63)	(43)	(57)
End of year	1,773	2,009	2,175	2,234	2,276

The Company also designs, sources, markets and distributes footwear under its own Johnston & Murphy brand and under the licensed Dockers® brand to over 900 retail accounts in the United States, including a number of leading department, discount, and specialty stores.

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Shorthand references to fiscal years (e.g., Fiscal 2010) refer to the fiscal year ended on the Saturday nearest January 31st in the named year (e.g., January 30, 2010). All information contained in Management s Discussion and Analysis of Financial Condition and Results of Operations which is referred to in Item 1 of this report is incorporated by such reference in Item 1. This report contains forward-looking statements. Actual results may vary materially and adversely from the expectations reflected in these statements. For a discussion of some of the factors that may lead to different results, see Item 1A, Risk Factors and Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations.

Available Information

The Company files reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports from time to time. The public may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F. Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is an electronic filer and the SEC maintains an Internet site at http://www.sec.gov that contains the reports, proxy and information statements, and other information filed electronically. Our website address is http://www.genesco.com. Please note that our website address is provided as an inactive textual reference only. We make available free of charge through our website annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Copies of the charters of each of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, as well as our Corporate Governance guidelines and Code of Ethics along with position descriptions for our Board of Directors and Board committees are also available free of charge through our website. The information provided on our website is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this report.

Segments

Journeys Group

The Journeys Group segment, including Journeys, Journeys Kidz and Shi by Journeys retail stores, catalog and e-commerce operations, accounted for approximately 48% of the Company s net sales in Fiscal 2010. Operating income attributable to Journeys Group was $44.3 million in Fiscal 2010, with an operating margin of 5.9%. The Company believes that its distinctive store formats, its mix of well-known brands and new product introductions, and its experienced management team provide significant competitive advantages for Journeys Group.

At January 30, 2010, Journeys Group operated 1,025 stores, including 150 Journeys Kidz stores and 56 Shi by Journeys stores, averaging approximately 1,875 square feet, throughout the United States and in Puerto Rico, selling footwear for young men, women and children.

Journeys Group added 13 net new stores in Fiscal 2010, including nine net new Journeys Kidz stores and one new Shi by Journeys store. Comparable store sales were down 3% from the prior fiscal year. Journeys stores target customers in the 13-22 year age group through the use of youth-oriented decor and popular music videos. Journeys stores carry predominately branded merchandise across a wide range of prices. The Journeys Kidz retail footwear stores sell footwear primarily for younger children ages five to 12. Shi by Journeys retail footwear stores sell footwear and accessories to a target customer group consisting of fashion-conscious

women in their early 20 s to mid 30 s. From a base of 853 Journeys Group stores at the end of Fiscal 2007, the Company opened 114 net new Journeys Group stores in Fiscal 2008, 45 net new stores in Fiscal 2009 and 13 net new stores in Fiscal 2010 and plans to open no net new Journeys Group stores in Fiscal 2011.

Underground Station Group

The Underground Station Group segment, including Underground Station and the remaining Jarman retail stores, accounted for approximately 6% of the Company s net sales in Fiscal 2010. Operating loss attributable to Underground Station Group was ($4.6) million in Fiscal 2010, with an operating margin of (4.6)%.

At January 30, 2010, Underground Station Group operated 170 stores, including 161 Underground Station stores, averaging approximately 1,800 square feet, throughout the United States, selling footwear and accessories primarily for men and women in the 20-35 age group and in the urban market.

Underground Station stores are located primarily in urban markets. Comparable store sales were down 7% for Underground Station Group for Fiscal 2010. For Fiscal 2010, most of the footwear sold in Underground Station stores was branded merchandise, with the remainder made up of private label brands. The product mix at each Underground Station store is tailored in response to local customer preferences and competitive dynamics. The Company did not open any Underground Station stores in Fiscal 2010 and closed eight Underground Station stores and two Jarman stores, leaving the total number of Underground Station Group stores at 170. The Company plans to close approximately 21 Underground Station Group stores in Fiscal 2011. The Company plans to shorten the average lease life on Underground Station stores, close certain underperforming stores as the opportunity presents itself, and attempt to secure rent relief on other locations while it assesses the future prospects for the chain. For additional information, see Management s Discussion and Analysis of Financial Condition and Results of Operations.

Hat World Group

The Hat World Group segment, including Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Locker Room retail stores, internet sales, Sports Fan-Attic retail stores, acquired in November 2009, and the Impact Sports and Great Plains Sports team dealer businesses acquired in November 2008 and September 2009, respectively, accounted for approximately 30% of the Company s net sales in Fiscal 2010. Operating income attributable to Hat World Group was $44.0 million in Fiscal 2010, with an operating margin of 9.5%.

At January 30, 2010, Hat World Group operated 921 stores, averaging approximately 900 square feet, throughout the United States, and in Puerto Rico and Canada. Hat World Group added 36 net new stores in Fiscal 2010, including 38 acquired stores, and plans to open approximately 26 net new stores in Fiscal 2011.

Comparable store sales for Hat World Group were up 3% for Fiscal 2010. The core stores and kiosks, located in malls, airports, street level stores and factory outlet stores nationwide and in Canada, target customers in the early-teens to mid-20 s age group. In general, the stores offer headwear from an assortment of college, MLB, NBA, NFL and NHL teams, as well as other specialty fashion categories. Sports Fan-Attic stores, acquired in November 2009, located in malls primarily in the southeastern United States, target sports fans of all ages. These stores offer headwear, apparel, accessories and novelties from an assortment of college and professional teams.

Johnston & Murphy Group

The Johnston & Murphy Group segment, including retail stores, catalog and internet sales and wholesale distribution, accounted for approximately 10% of the Company s net sales in Fiscal 2010. Operating income attributable to Johnston & Murphy Group was $5.5 million in Fiscal 2010, with an operating margin of 3.3%. All of the Johnston & Murphy wholesale sales are of the Genesco-owned Johnston & Murphy brand and approximately 98% of the group s retail sales are of Johnston & Murphy branded products.

Johnston & Murphy Retail Operations. At January 30, 2010, Johnston & Murphy operated 160 retail shops and factory stores throughout the United States averaging approximately 1,700 square feet and selling footwear, luggage and accessories primarily for men, targeting business and professional customers. Johnston & Murphy introduced a line of women s footwear and accessories in select Johnston & Murphy retail shops in the fall of 2008. Johnston & Murphy retail shops are located primarily in better malls nationwide and in airports and sell a broad range of men s dress and casual footwear and accessories. The Company also sells Johnston & Murphy products directly to consumers through a direct mail catalog and an e-commerce website. Comparable store sales for Johnston & Murphy retail operations were down 8% for Fiscal 2010. Retail prices for Johnston & Murphy footwear generally range from $110 to $250. Casual and dress casual footwear accounted for 39% of total Johnston & Murphy retail sales in Fiscal 2010, with the balance consisting of dress shoes, luggage and accessories. Johnston & Murphy Group added three net new shops and factory stores in Fiscal 2010 and plans to open approximately five net new shops and factory stores in Fiscal 2011.

Johnston & Murphy Wholesale Operations. In addition to Company-owned Johnston & Murphy retail shops and factory stores, Johnston & Murphy men s footwear is sold at wholesale, primarily to better department and independent specialty stores. Johnston & Murphy s wholesale customers offer the brand s footwear for dress, dress casual, and casual occasions, with the majority of styles offered in these channels selling from $100-$165.

Licensed Brands

The Licensed Brands segment accounted for approximately 6% of the Company s net sales in Fiscal 2010. Operating income attributable to Licensed Brands was $12.4 million in Fiscal 2010, with an operating margin of 13.3%. Substantially all of the Licensed Brands sales are of footwear marketed under the Dockers® brand, for which Genesco has had the exclusive men s footwear license in the United States since 1991. See Trademarks and Licenses. Dockers footwear is marketed to men aged 30-55 through many of the same national retail chains that carry Dockers slacks and sportswear and in department and specialty stores across the country. Suggested retail prices for Dockers footwear generally range from $50 to $90.

For further information on the Company s business segments, see Note 16 to the Consolidated Financial Statements included in Item 8 and Management s Discussion and Analysis of Financial Condition and Results of Operations.

Manufacturing and Sourcing

The Company relies on independent third-party manufacturers for production of its footwear products sold at wholesale. The Company sources footwear and accessory products from foreign manufacturers in jurisdictions located in China, Italy, Mexico, Brazil, Indonesia, India, Peru, Portugal, Thailand, Vietnam, Bangladesh and the Dominican Republic. The Company s retail operations source primarily branded products from third parties, who source primarily overseas.

Competition

Competition is intense in the footwear and headwear industry. The Company s retail footwear and headwear competitors range from small, locally owned stores to regional and national department stores, discount stores, and specialty chains. The Company also competes with hundreds of footwear wholesale operations in the United States and throughout the world, most of which are relatively small, specialized operations, but some of which are large, more diversified companies. Some of the Company s competitors have resources that are not available to the Company. The Company s success depends upon its ability to remain competitive with respect to the key factors of style, price, quality, comfort, brand loyalty, customer service, store location and atmosphere and the ability to offer distinctive products.

Trademarks and Licenses

The Company owns its Johnston & Murphy brand and the trade names of its retail concepts either directly or through wholly-owned subsidiaries. The Dockers® brand footwear line, introduced in Fiscal 1993, is sold under a license agreement granting the exclusive right to sell men s footwear under the trademark in the United States, Canada and Mexico and in certain other Latin American countries. The Dockers license agreement, as amended, expires on December 31, 2012. Net sales of Dockers products were $88 million in Fiscal 2010 and $92 million in Fiscal 2009. The Company licenses certain of its footwear brands, mostly in foreign markets. License royalty income was not material in Fiscal 2010.

Wholesale Backlog

Most of the Company s orders in the Company s wholesale divisions are for delivery within 150 days. Because most of the Company s business is at-once, the backlog at any one time is not necessarily indicative of future sales. As of February 27, 2010, the Company s wholesale operations had a backlog of orders, including unconfirmed customer purchase orders, amounting to approximately $33.8 million, compared to approximately $28.6 million on February 28, 2009. The backlog is somewhat seasonal, reaching a peak in spring. The Company maintains in-stock programs for selected product lines with anticipated high volume sales.

Employees

Genesco had approximately 13,900 employees at January 30, 2010, approximately 115 of whom were employed in corporate staff departments and the balance in operations. Retail footwear and headwear stores employ a substantial number of part-time employees, and approximately 7,400 of the Company s employees were part-time.

Properties

At January 30, 2010, the Company operated 2,276 retail footwear, headwear and sports apparel and accessories stores throughout the United States and in Puerto Rico and Canada. New shopping center store leases typically are for a term of approximately 10 years and new factory outlet leases typically are for a term of approximately five years. Both typically provide for rent based on a percentage of sales against a fixed minimum rent based on the square footage leased.

The Company operates six distribution centers (three of which are owned and three of which are leased) aggregating approximately 1,100,000 square feet. Four of the facilities are located in Tennessee, one in Indiana and one in Canada. The Company s executive offices and the offices of its footwear operations, which are leased, are in Nashville, Tennessee where Genesco occupies approximately 78% of a 295,000 square foot building. The offices of the Company s headwear operations, which are leased, are in a 43,000 square foot building in Indianapolis, Indiana. The offices and warehouses of the Company s Impact Sports business, which are leased, are in two

buildings, totaling 62,000 square feet, in Deforest, Wisconsin. The office and sporting goods store of the Company s Great Plains Sports business, which are leased, are in a 5,000 square foot building in St. Paul, Minnesota. The office and warehouse of the Company s Sports Fan-Attic business, which are leased, are in a 7,000 square foot building in Tampa, Florida.

The lease on the Company s Nashville office expires in April 2017, with an option to renew for an additional five years. The lease on the Indianapolis office expires in May 2015. The Company believes that all leases of properties that are material to its operations may be renewed on terms not materially less favorable to the Company than existing leases.

Environmental Matters

The Company s former manufacturing operations and the sites of those operations are subject to numerous federal, state, and local laws and regulations relating to human health and safety and the environment. These laws and regulations address and regulate, among other matters, wastewater discharge, air quality and the generation, handling, storage, treatment, disposal, and transportation of solid and hazardous wastes and releases of hazardous substances into the environment. In addition, third parties and governmental agencies in some cases have the power under such laws and regulations to require remediation of environmental conditions and, in the case of governmental agencies, to impose fines and penalties. Several of the facilities owned by the Company (currently or in the past) are located in industrial areas and have historically been used for extensive periods for industrial operations such as tanning, dyeing, and manufacturing. Some of these operations used materials and generated wastes that would be considered regulated substances under current environmental laws and regulations. The Company currently is involved in certain administrative and judicial environmental proceedings relating to the Company s former facilities. See Item 3, Legal Proceedings.

ITEM 1A, RISK FACTORS

Our business is subject to significant risks. You should carefully consider the risks and uncertainties described below and the other information in this Form 10-K, including our consolidated financial statements and the notes to those statements. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we do not presently know about or that we currently consider immaterial may also affect our business operations and financial performance. If any of the events described below actually occur, our business, financial condition or results of operations could be adversely affected in a material way. This could cause the trading price of our stock to decline, perhaps significantly, and you may lose part or all of your investment.

Poor economic conditions affect consumer spending and may significantly harm our business, affecting our financial condition, liquidity, and results of operations.

The success of our business depends to a significant extent upon the level of consumer spending. A number of factors may affect the level of consumer spending on merchandise that we offer, including, among other things:

- general economic, industry and weather conditions;
- energy costs, which affect gasoline and home heating prices;
- the level of consumer debt;
- interest rates;
- tax rates and policies;
- war, terrorism and other hostilities; and

consumer confidence in future economic conditions.

Adverse economic conditions and any related decrease in consumer demand for discretionary items could have a material adverse effect on our business, results of operations and financial condition. The merchandise we sell generally consists of discretionary items. Reduced consumer confidence and spending may result in reduced demand for discretionary items and may force us to take inventory markdowns. Reduced demand may also require increased selling and promotional expenses.

Moreover, while the Company believes that its operating cash flows and its borrowing capacity under committed lines of credit will be more than adequate for its anticipated cash requirements, if the current economic downturn is more protracted or severe than currently anticipated, or if one or more of the Company s revolving credit banks were to fail to honor its commitments under the Company s credit lines, the Company could be required to modify its operations for increased cash flow or to seek alternative sources of liquidity, and such alternative sources may not be available to the Company.

Finally, deterioration in the Company s market value, whether related to the Company s operating performance or to further disruptions in the equity markets or deterioration in the operating performance of the business unit with which goodwill is associated, could require the Company to recognize the impairment of some or all of the $119.0 million of goodwill on its Consolidated Balance Sheets at January 30, 2010, resulting in the reduction of net assets and a corresponding non-cash charge to earnings in the amount of the impairment.

Our business involves a degree of fashion risk.

Certain of our businesses serve a fashion-conscious customer base and depend upon the ability of our buyers and merchandisers to react to fashion trends, to purchase inventory that reflects such trends, and to manage our inventories appropriately in view of the potential for sudden changes in fashion or in consumer taste. Failure to continue to execute any of these activities successfully could result in adverse consequences, including lower sales, product margins, operating income and cash flows.

Our business and results of operations are subject to a broad range of uncertainties arising out of world and domestic events.

Our business and results of operations are subject to uncertainties arising out of world and domestic events, which may impact not only consumer demand, but also our ability to obtain the products we sell, most of which are produced outside the United States. These uncertainties may include a global economy slowdown, changes in consumer spending or travel, the increase in gasoline and natural gas prices, and the economic consequences of military action or terrorist activities. Any future events arising as a result of terrorist activity or other world events may have a material impact on our business, including the demand for and our ability to source products, and consequently on our results of operations and financial condition. Demand can also be influenced by other factors beyond our control. For example, Hat World s sales have historically been affected by developments in team sports, and could be adversely impacted by player strikes or other season interruptions, as well as by the performance and reputation of certain key teams.

Our business is intensely competitive and increased or new competition could have a material adverse effect on us.

The retail footwear, headwear and accessories markets are intensely competitive. We currently compete against a diverse group of retailers, including other regional and national specialty stores, department and discount stores, small independents and e-commerce retailers, which sell products similar to and often identical to those we sell. Our branded businesses, selling footwear at wholesale, also face intense competition, both from other branded wholesale vendors and from private label initiatives of their retailer customers. A number of different competitive factors could have a material adverse effect on our business, results of operations and financial condition, including:

- increased operational efficiencies of competitors;
- competitive pricing strategies;
- expansion by existing competitors;
- entry by new competitors into markets in which we currently operate; and
- adoption by existing retail competitors of innovative store formats or sales methods.

We are dependent on third-party vendors for the merchandise we sell.

We do not manufacture any of the merchandise we sell. This means that our product supply is subject to the ability and willingness of third-party suppliers to deliver merchandise we order on time and in the quantities and of the quality we need. In addition, a material portion of our retail footwear sales consists of products marketed under brands, belonging to unaffiliated vendors, which have fashion significance to our customers. Our core retail hat business is dependent upon products bearing sports and other logos, each generally controlled by a single licensee/vendor. If those vendors were to decide not to sell to us or to limit the availability of their products to us, or if they are unable because of economic conditions or any other reason to supply us with products, we could be unable to offer our customers the products they wish to buy and could lose their business to competitors.

An increase in the cost or a disruption in the flow of our imported products may significantly decrease our sales and profits.

Merchandise originally manufactured and imported from overseas makes up a large proportion of our total inventory. A disruption in the shipping of our imported merchandise or an increase in the cost of those products may significantly decrease our sales and profits. In addition, if imported merchandise becomes more expensive or unavailable, the transition to alternative sources may not occur in time to meet demand. Products from alternative sources may also be of lesser quality or more expensive than those we currently import. Risks associated with our reliance on imported products include:

- disruptions in the shipping and importation of imported products because of factors such as:
  - raw material shortages, work stoppages, strikes and political unrest;
  - problems with oceanic shipping, including shipping container shortages;
  - increased customs inspections of import shipments or other factors causing delays in shipments;

- economic crises, international disputes and wars; and
- increases in the cost of purchasing or shipping foreign merchandise resulting from:
  - denial by the United States of most favored nation trading status to or the imposition of quotas or other restrictions on import from a foreign country from which we purchase goods;
  - import duties, import quotas and other trade sanctions; and
  - increases in shipping rates.

A significant amount of the inventory we sell is imported from the People s Republic of China, which has in recent years been subject to efforts to increase duty rates or to impose restrictions on imports of certain products.

A small portion of the products we buy abroad are priced in foreign currencies and, therefore, we are affected by fluctuating currency exchange rates. In the past, we have entered into foreign currency exchange contracts with major financial institutions to hedge these fluctuations. We might not be able to effectively protect ourselves in the future against currency rate fluctuations, and our financial performance could suffer as a result. Even dollar-denominated foreign purchases may be affected by currency fluctuations, as suppliers seek to reflect appreciation in the local currency against the dollar in the price of the products that they provide. You should read Management s Discussion and Analysis of Financial Condition and Results of Operations for more information about our foreign currency exchange rate exposure and hedging activities.

The operation of the Company s business is heavily dependent on its information systems.

We depend on a variety of information technology systems for the efficient functioning of our business and security of information. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to the Company by independent software developers. The inability of these developers or the Company to continue to maintain and upgrade these information systems and software programs could disrupt or reduce the efficiency of our operations. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations or leave the Company vulnerable to security breaches. We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives or to provide maintenance on existing systems.

The loss of, or disruption in, one of our distribution centers and other factors affecting the distribution of merchandise, could have a material adverse effect on our business and operations.

Each of our operations depends on a single distribution facility. Most of the operation s inventory is shipped directly from suppliers to its distribution center, where the inventory is then processed, sorted and shipped to our stores or to our wholesale customers. We depend on the orderly operation of this receiving and distribution process, which depends, in turn, on adherence to shipping schedules and effective management of the distribution centers.

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Although we believe that our receiving and distribution process is efficient and well positioned to support our current business and our expansion plans, we cannot assure you that we have anticipated all of the changing demands which our expanding operations will impose on our receiving and distribution system, or that events beyond our control, such as disruptions in operations due to fire or other catastrophic events, labor disagreements or shipping problems (whether in our own or in our third party vendors or carriers businesses), will not result in delays in the delivery of merchandise to our stores or to our wholesale customers. We also make changes in our distribution processes from time to time in an effort to improve efficiency, maximize capacity, etc. We cannot assure that these changes will not result in unanticipated delays or interruptions in distribution. We depend upon UPS for shipment of a significant amount of merchandise. An interruption in service by UPS for any reason could cause temporary disruptions in our business, a loss of sales and profits, and other material adverse effects.

Our freight cost is impacted by changes in fuel prices through surcharges. Fuel prices and surcharges affect freight cost both on inbound freight from vendors to our distribution centers and outbound freight from our distribution centers to our stores and wholesale customers. Increases in fuel prices and surcharges and other factors may increase freight costs and thereby increase our cost of goods sold.

We face a number of risks in opening new stores.

As part of our long-term growth strategy, we expect to open new stores, both in regional malls, where most of our operational experience lies, and in other venues with which we are less familiar, including lifestyle centers, major city street locations, and tourist destinations. However, because of economic conditions and the availability of appropriate locations, we slowed our pace of new store openings over the past two fiscal years, and intend to continue to be selective with respect to new locations, and to open fewer stores than in recent years in Fiscal 2011. We increased our net store base by 166 in Fiscal 2008, 59 in Fiscal 2009 and 42 in Fiscal 2010; and currently plan to increase our net store base by approximately 10 stores in Fiscal 2011. We cannot assure you when we will resume a more aggressive store-opening pace or that, when we do, we will be able to continue our history of operating new stores profitably. Further, we cannot assure you that any new store will achieve similar operating results to those of our existing stores or that new stores opened in markets in which we operate will not have a material adverse effect on the revenues and profitability of our existing stores. The success of our planned expansion will be dependent upon numerous factors, many of which are beyond our control, including the following:

- our ability to identify suitable markets and individual store sites within those markets;
- the competition for suitable store sites;
- our ability to negotiate favorable lease terms for new stores and renewals (including rent and other costs) with landlords;
- our ability to obtain governmental and other third-party consents, permits and licenses needed to construct and operate our stores;
- the ability to build and remodel stores on schedule and at acceptable cost;
- the availability of employees to staff new stores and our ability to hire, train, motivate and retain store personnel;
- the availability of adequate management and financial resources to manage an increased number of stores;

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- our ability to adapt our distribution and other operational and management systems to an expanded network of stores; and
- our ability to attract customers and generate sales sufficient to operate new stores profitably.

Additionally, the results we expect to achieve during each fiscal quarter are dependent upon opening new stores on schedule. If we fall behind, we will lose expected sales and earnings between the planned opening date and the actual opening and may further complicate the logistics of opening stores, possibly resulting in additional delays.

From time to time, we invest in short-term cash equivalent instruments at commercial banking institutions in excess of federally insured limits.

We invest excess cash in immediately available interest bearing cash equivalent instruments. If a commercial bank in which we have our funds deposited should become insolvent or be taken over by the FDIC, we could have significant unrecoverable cash deposits. A loss in cash deposits would have an adverse impact on our financial statements.

Our results of operations are subject to seasonal and quarterly fluctuations, which could have a material adverse effect on the market price of our stock.

Our business is highly seasonal, with a significant portion of our net sales and operating income generated during the fourth quarter, which includes the holiday shopping season. Because a significant percentage of our net sales and operating income is generated in the fourth quarter, we have limited ability to compensate for shortfalls in fourth quarter sales or earnings by changes in our operations or strategies in other quarters. A significant shortfall in results for the fourth quarter of any year could have a material adverse effect on our annual results of operations and on the market price of our stock. Our quarterly results of operations also may fluctuate significantly based on such factors as:

- the timing of new store openings and renewals;
- the amount of net sales contributed by new and existing stores;
- the timing of certain holidays and sales events;
- changes in our merchandise mix;
- general economic, industry and weather conditions that affect consumer spending; and
- actions of competitors, including promotional activity.

A failure to increase sales at our existing stores may adversely affect our stock price and impact our results of operations.

A number of factors have historically affected, and will continue to affect, our comparable store sales results, including:

- consumer trends, such as less disposable income due to the impact of economic conditions;
- competition;
- timing of holidays including sales tax holidays;
- general regional and national economic conditions;

- inclement weather;
- changes in our merchandise mix;
- our ability to distribute merchandise efficiently to our stores;
- timing and type of sales events, promotional activities or other advertising;
- new merchandise introductions; and
- our ability to execute our business strategy effectively.

Our comparable store sales results have fluctuated in the past, and we believe such fluctuations may continue. The unpredictability of our comparable store sales may cause our revenue and results of operations to vary from quarter to quarter, and an unanticipated change in revenues or operating income may cause our stock price to fluctuate significantly.

We are subject to regulatory proceedings and litigation that could have an adverse effect on our financial condition and results of operations.

We are party to certain lawsuits, governmental investigations, and regulatory proceedings, including the suits and proceedings arising out of alleged environmental contamination relating to historical operations of the Company and various suits involving current operations as disclosed in Note 15 to the Consolidated Financial Statements. If these or similar matters are resolved against us, our results of operations or our financial condition could be adversely affected. The costs of defending such lawsuits and responding to such investigations and regulatory proceedings may be substantial and their potential to distract management from day-to-day business is significant. Moreover, with retail operations in 50 states, Puerto Rico, the U.S. Virgin Islands and Canada, we are subject to federal, state, provincial, territorial and local regulations which impose costs and risks on our business. Changes in regulations could make compliance more difficult and costly, and inadvertent violations could result in liability for damages or penalties.

If we lose key members of management or are unable to attract and retain the talent required for our business, our operating results could suffer.

Our performance depends largely on the efforts and abilities of members of our management team. Our executives have substantial experience and expertise in our business and have made significant contributions to our growth and success. The unexpected future loss of services of one or more key members of our management team could have an adverse effect on our business. In addition, future performance will depend upon our ability to attract, retain and motivate qualified employees, including store personnel and field management. If we are unable to do so, our ability to meet our operating goals may be compromised. Finally, our stores are decentralized, are managed through a network of geographically dispersed management personnel and historically experience a high degree of turnover. If we are for any reason unable to maintain appropriate controls on store operations, including the ability to control losses resulting from inventory and cash shrinkage, our sales and operating margins may be adversely affected. We cannot assure you that we will be able to attract and retain the personnel we need in the future.

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Any acquisitions we make or new businesses we launch involve a degree of risk.
We have in the past, and may in the future, engage in acquisitions or launch new businesses to grow our revenues and meet our other strategic objectives. If any future acquisitions are not successfully integrated with our business, our ongoing operations could be adversely affected. Additionally, acquisitions or new businesses may not achieve desired profitability objectives or result in any anticipated successful expansion of the businesses or concepts. Although we review and analyze assets or companies we acquire, such reviews are subject to uncertainties and may not reveal all potential risks. Additionally, although we attempt to obtain protective contractual provisions, such as representations, warranties and indemnities, in connection with acquisitions, we cannot assure you that we can obtain such provisions in our acquisitions or that they will fully protect us from unforeseen costs of the acquisitions. We may also incur significant costs in connection with pursuing possible acquisitions even if the acquisition is not ultimately consummated.

ITEM 1B, UNRESOLVED STAFF COMMENTS

None.

ITEM 2, PROPERTIES

See Item 1, Business Properties.

ITEM 3, LEGAL PROCEEDINGS

Environmental Matters

New York State Environmental Matters

In August 1997, the New York State Department of Environmental Conservation (NYSDEC) 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 remedial measure (IRM) with regard to the site of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969. The Company undertook the IRM and RIFS voluntarily, without admitting liability or accepting responsibility for any future remediation of the site. The Company has completed the IRM and the RIFS. In the course of preparing the RIFS, the Company identified remedial alternatives with estimated undiscounted costs ranging from $-0- to $24.0 million, excluding amounts previously expended or provided for by the Company. The United States Environmental Protection Agency (EPA), which has assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision in September 2007. The Record of Decision requires a remedy of a combination of groundwater extraction and treatment and in-site chemical oxidation at an estimated present worth cost of approximately $10.7 million.

In July 2009, the Company agreed to a Consent Order with the EPA requiring the Company to perform certain remediation actions, operations, maintenance and monitoring at the site. In September 2009, a Consent Judgment embodying the Consent Order was filed in the U.S. District Court for the Eastern District of New York.

The Village of Garden City, New York, has asserted that the Company is liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical costs ranging from approximately $1.8 million to in excess of $2.5 million, and future operation and maintenance costs which the

Village estimates at $126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint against the Company and the owner of the property under the Resource Conservation and Recovery Act (RCRA), the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as well as a number of state law theories in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it, which the complaint alleges could exceed $41 million over a 70-year period. The Company has not verified the estimates of either historic or future costs asserted by the Village, but believes that an estimate of future costs based on a 70-year remediation period is unreasonable given the expected remedial period reflected in the EPA s Record of Decision. On May 23, 2008, the Company filed a motion to dismiss the Village s complaint on grounds including applicable statutes of limitation and preemption of certain claims by the NYSDEC s and the EPA s diligent prosecution of remediation. On January 27, 2009, the Court granted the motion to dismiss all counts of the plaintiff s complaint except for the CERCLA claim and a state law claim for indemnity for costs incurred after November 27, 2000. On September 23, 2009, on a motion for reconsideration by the Village, the Court reinstated the claims for injunctive relief under RCRA and for equitable relief under certain of the state law theories.

In December 2005, the EPA notified the Company that it considers the Company a potentially responsible party (PRP) with respect to contamination at two Superfund sites in upstate New York. The sites were used as landfills for process wastes generated by a glue manufacturer, which acquired tannery wastes from several tanners, allegedly including the Company s Whitehall tannery, for use as raw materials in the gluemaking process. The Company has no records indicating that it ever provided raw materials to the gluemaking operation and has not been able to establish whether the EPA s substantive allegations are accurate. The Company, together with other tannery PRPs, has entered into cost sharing agreements and Consent Decrees with the EPA with respect to both sites. Based upon the current estimates of the cost of remediation, the Company s share is expected to be less than $250,000 in total for the two sites. While there is no assurance that the Company s share of the actual cost of remediation will not exceed the estimate, the Company does not presently expect that its aggregate exposure with respect to these two landfill sites will have a material adverse effect on its financial condition or results of operations.

Whitehall Environmental Matters

The Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company s former Volunteer Leather Company facility in Whitehall, Michigan.

The Company has submitted to the Michigan Department of Environmental Quality (MDEQ) and provided for certain costs associated with a remedial action plan (the Plan) designed to bring the property into compliance with regulatory standards for non-industrial uses and has subsequently engaged in negotiations regarding the scope of the Plan. The Company estimates that the costs of resolving environmental contingencies related to the Whitehall property range from $3.9 million to $4.4 million, and considers the cost of implementing the Plan, as it is modified in the course of negotiations with the MDEQ, to be the most likely cost within that range. Until the Plan is finally approved by the MDEQ, management cannot provide assurances that no further remediation will be required or that its estimate of the range of possible costs or of the most likely cost of remediation will prove accurate.

Accrual for Environmental Contingencies

Related to all outstanding environmental contingencies, the Company had accrued $15.9 million as of January 30, 2010, $16.0 million as of January 31, 2009 and $7.8 million as of February 2, 2008. All such provisions reflect the Company s estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Consolidated Balance Sheets. The Company has made pretax accruals for certain of these contingencies, including approximately $0.8 million reflected in Fiscal 2010, $9.4 million in Fiscal 2009 and $2.9 million in Fiscal 2008. These charges are included in provision for discontinued operations, net in the Consolidated Statements of Operations.

Merger-Related Litigation

Genesco Inc. v. The Finish Line, et al.

UBS Securities LLC and UBS Loan Finance LLC v. Genesco Inc., et al.

On June 18, 2007, the Company announced that the boards of directors of Genesco and The Finish Line had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash. On September 21, 2007, the Company filed suit against The Finish Line in Chancery Court in Nashville, Tennessee seeking a court order requiring The Finish Line to consummate the merger with the Company (the Tennessee Action). UBS Securities LLC and UBS Loan Finance LLC (collectively, UBS) subsequently intervened as a defendant in the Tennessee Action, filed an answer to the amended complaint and a counterclaim asserting fraud against the Company.

On November 15, 2007, UBS filed a separate lawsuit in the United States District Court for the Southern District of New York (the New York Action), naming the Company and The Finish Line as defendants. In the New York Action, UBS sought a declaration that its commitment to provide The Finish Line with financing for the merger transaction was void and/or could be terminated by UBS because The Finish Line would not be able to provide, prior to the expiration of the financing commitment on April 30, 2008, a valid solvency certificate attesting to the solvency of the combined entities resulting from the merger, which certificate was a condition precedent to the closing of the financing. The Company was named in the New York Action as an interested party.

Trial of the Tennessee Action began on December 10, 2007 and concluded on December 18, 2007. On December 27, 2007, the Chancery Court ordered The Finish Line to specifically perform the terms of the Merger Agreement. In its order, the Court rejected UBS s and The Finish Line s claims of fraud and misrepresentation and declared that all conditions to the Merger Agreement had been met. The Court also declared that The Finish Line had breached the Merger Agreement by not closing the merger. The Court ordered The Finish Line to close the merger pursuant to section 1.2 of the Merger Agreement, to use its reasonable best efforts to take all actions to consummate the merger as required by section 6.4(d) of the Merger Agreement, and to use its reasonable best efforts to obtain financing as per section 6.8(a) of the Merger Agreement. The Court excluded from its order any ruling on the issue of the solvency of the combined company, finding that the issue of solvency was reserved for determination by the New York Court in the New York Action filed by UBS.

On March 3, 2008, the Company, The Finish Line, and UBS entered into a definitive agreement for the termination of the merger agreement with The Finish Line and the settlement of all related litigation among The Finish Line and the Company and UBS, including the Tennessee Action and the New York Action. In the settlement agreement, the parties agreed that: (1) the merger agreement between the Company and The Finish Line would be terminated; (2) the financing commitment from UBS to The Finish Line would be terminated; (3) UBS and The Finish Line would pay to the Company an aggregate of $175 million in cash; (4) The Finish Line would transfer to the Company a number of Class A shares of The Finish Line common stock equal to 12.0% of the total post-issuance outstanding shares of The Finish Line common stock which the Company would use its best efforts to distribute to its common shareholders as soon as practicable after the shares registration and listing on NASDAQ; (5) the Company and The Finish Line would be subject to a mutual standstill agreement; and (6) the parties would execute customary mutual releases. Stipulations of Dismissal were filed by all parties to both the New York Action and the Tennessee Action, and both Actions were dismissed. The Company distributed the shares of The Finish Line common stock received in the settlement to the Company s shareholders during the second quarter of Fiscal 2009.

California Matters

On June 16, 2008, there was filed in the Superior Court of the State of California, County of Shasta, a putative class action styled *Jacobs v. Genesco Inc. et al*., alleging violations of the California Labor Code involving payment of wages, failure to provide mandatory meal and rest breaks, and unfair competition, and seeking back pay, penalties and declaratory and injunctive relief. The Company removed the case to the Federal District Court for the Eastern District of California. On September 3, 2008, the court dismissed certain of the plaintiff s claims, including claims for conversion and punitive damages. On May 5, 2009, the Company and the plaintiff s counsel reached an agreement in principle to settle the lawsuit on a claims made basis. On January 21, 2010, the court granted preliminary approval of the settlement. The minimum payment by the Company pursuant to the agreement, which remains subject to final court approval, is $398,000; the maximum is $703,000.

Patent Action

The Company is named as a defendant in *Paul Ware and Financial Systems Innovation, L.L.C. v. Abercrombie & Fitch Stores, Inc., et al.,* filed on June 19, 2007, in the United States District Court for the Northern District of Georgia, against more than 100 retailers. The suit alleges that the defendants have infringed U.S. Patent No. 4,707,592 by using a feature of their retail point of sale registers to generate transaction numbers for credit card purchases. The complaint seeks treble damages in an unspecified amount and attorneys fees. The Company has filed an answer denying the substantive allegations in the complaint and asserting certain affirmative defenses. On December 14, 2007, the Company filed a third-party complaint against Datavantage Corporation and MICROS Systems, Inc., its vendor for the technology at issue in the case, seeking indemnification and defense against the infringement allegations in the complaint. On December 27, 2007, the court stayed proceedings in the litigation pending the outcome of a reexamination of the patent by the U. S. Patent and Trademark Office. On September 15, 2008, the patent examiner issued a first Office Action rejecting all of the claims in the patent as being unpatentable over the prior art. On January 21, 2009, the examiner issued a final office action again rejecting all of the claims in the patent. In April 2009, the examiner issued a Notice of Intent to Issue an Ex Parte Reexamination Certificate for the patent. The litigation is in discovery.

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Other Matters

In addition to the matters specifically described in this footnote, the Company is a party to other legal and regulatory proceedings and claims arising in the ordinary course of its business. While management does not believe that the Company s liability with respect to any of these other matters is likely to have a material effect on its financial position or results of operations, legal proceedings are subject to inherent uncertainties and unfavorable rulings could have a material adverse impact on our business and results of operations.

ITEM 4, [REMOVED AND RESERVED]

ITEM 4A, EXECUTIVE OFFICERS

The officers of the Company are generally elected at the first meeting of the board of directors following the annual meeting of shareholders and hold office until their successors have been chosen and qualified. The name, age and office of each of the Company s executive officers and certain information relating to the business experience of each are set forth below:

Hal N. Pennington, 72, *Chairman.* Mr. Pennington has served in various roles during his 48 year tenure with Genesco. He was vice president-wholesale for Johnston & Murphy from 1990 until his appointment as president of Dockers Footwear in August 1995. He was named president of Johnston & Murphy in February 1997 and named senior vice president in June 1998. Mr. Pennington was named executive vice president, chief operating officer and a director of the Company as of November 1999, president as of November 2000, chief executive officer as of April 2002 and chairman as of October 2004. Mr. Pennington will retire from the board of directors in June 2010. He will remain employed by the Company as a consultant to the chief executive officer and board of directors through March 31, 2011.

Robert J. Dennis, 56, *President and Chief Executive Officer.* Mr. Dennis joined the Company in 2004 as chief executive officer of the Company s acquired Hat World business. Mr. Dennis was named senior vice president of the Company in June 2004 and executive vice president and chief operating officer, with oversight responsibility for all the Company s operating divisions, in October 2005. Mr. Dennis was named president of the Company in October 2006 and chief executive officer in August 2008. Mr. Dennis was named chairman in February 2010, which becomes effective April 1, 2010. Mr. Dennis joined Hat World in 2001 from Asbury Automotive, where he was employed in senior management roles beginning in 1998. Mr. Dennis was with McKinsey and Company, an international consulting firm, from 1984 to 1997, and became a partner in 1990.

James S. Gulmi, 64, *Senior Vice President Finance, Chief Financial Officer and Treasurer*. Mr. Gulmi joined the Company in 1971 as a financial analyst, appointed assistant treasurer in 1974 and named treasurer in 1979. He was elected a vice president in 1983 and assumed the responsibilities of chief financial officer in 1986. Mr. Gulmi was appointed senior vice president finance in January 1996 and renamed Treasurer in August 2008.

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Jonathan D. Caplan, 56*, Senior Vice President.* Mr. Caplan rejoined the Company in 2002 as chief executive officer of the branded group and president of Johnston & Murphy and was named senior vice president of the Company in November 2003. Mr. Caplan first joined the Company in June 1982 and served as president of Genesco s Laredo-Code West division from December 1985 to May 1992. After that time, Mr. Caplan was president of Stride Rite s Children s Group and then its Ked s Footwear division, from 1992 to 1996. He was vice president, New Business Development and Strategy, for Service Merchandise Corporation from 1997 to 1998. Prior to rejoining Genesco in October 2002, Mr. Caplan served as president and chief executive officer of Hi-Tec Sports North America beginning in 1998.

James C. Estepa, 58, *Senior Vice President*. Mr. Estepa joined the Company in 1985 and in February 1996 was named vice president operations of Genesco Retail, which included the Jarman Shoe Company, Journeys, Boot Factory and General Shoe Warehouse. Mr. Estepa was named senior vice president operations of Genesco Retail in June 1998. He was named president of Journeys in March 1999. Mr. Estepa was named senior vice president of the Company in April 2000. He was named president and chief executive officer of the Genesco Retail Group in 2001, assuming additional responsibilities of overseeing Underground Station.

Kenneth J. Kocher, 44, *Senior Vice President.* Mr. Kocher joined Hat World in 1997 as chief financial officer and was named president in October 2005. He was named senior vice president of the Company in October 2006 in addition to continuing his role as president of Hat World. Prior to joining Hat World, he served as a controller with several companies and was a certified public accountant with Edie Bailley, a public accounting firm.

Roger G. Sisson, 46, *Senior Vice President*, *Secretary and General Counsel*. Mr. Sisson joined the Company in 1994 as assistant general counsel and was elected secretary in February 1994. He was named general counsel in January 1996. Mr. Sisson was named vice president in November 2003. He was named senior vice president in October 2006.

Mimi Eckel Vaughn, 43, *Senior Vice President of Strategy and Shared Services.* Ms. Vaughn joined the Company in September 2003 as vice president of strategy and business development. She was named senior vice president, strategy and business development in October 2006 and senior vice president of strategy and shared services in August 2009. Prior to joining the Company, Ms. Vaughn was executive vice president of business development and marketing, and acting chief financial officer from 2000 to 2001 for Link2Gov Corporation in Nashville. From 1993 to 1999, she was a consultant at McKinsey and Company in Atlanta.

Paul D. Williams, 55, *Vice President and Chief Accounting Officer.* Mr. Williams joined the Company in 1977, was named director of corporate accounting and financial reporting in 1993 and chief accounting officer in April 1995. He was named vice president in October 2006.

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PART II

ITEM 5, MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company s common stock is listed on the New York Stock Exchange (Symbol: GCO) and the Chicago Stock Exchange. The following table sets forth for the periods indicated the high and low sales prices of the common stock as shown in the New York Stock Exchange Composite Transactions listed in the Wall Street Journal.

Fiscal Year ended January 31		High	Low
2009	1st Quarter	$ 33.50	$ 18.76
	2nd Quarter	31.91	20.33
	3rd Quarter	38.74	18.99
	4th Quarter	25.08	10.37

Fiscal Year ended January 30		High	Low
2010	1st Quarter	$ 23.36	$ 11.31
	2nd Quarter	26.51	17.51
	3rd Quarter	29.69	19.73
	4th Quarter	29.71	23.11

There were approximately 3,400 common shareholders of record on March 19, 2010.

The Company has not paid cash dividends in respect of its common stock since 1973. The Company s ability to pay cash dividends in respect of its common stock is subject to various restrictions. See Notes 8 and 10 to the Consolidated Financial Statements included in Item 8 and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Future Capital Needs for information regarding restrictions on dividends and redemptions of capital stock.

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The following table provides information relating to the Company s repurchase of common stock for the fourth quarter of Fiscal 2010.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total of Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of shares (or units) that May Yet Be Purchased Under the Plans or Programs (in thousands)
November 2009				
11-1-09 to 11-28-09(1)	121	$ 27.17	-0-	$ -0-
December 2009				
11-29-09 to 12-26-09(1)	225	$ 26.30	-0-	$ -0-
January 2010				
12-27-09 to 1-30-10(2)	85,000	$ 23.84	85,000	$ 7,071

(1) These shares represent shares withheld from vested restricted stock to satisfy the minimum withholding requirement for federal taxes.

(2) In March 2008, the Company s Board of Directors authorized (and the Company announced) up to $100.0 million in stock repurchases

primarily funded with after-tax cash proceeds from the settlement of merger-related litigation (see Notes 3 and 15). As of January 30, 2010, the Company had repurchased 4.085 million shares at a cost of $92.9 million. In February 2010, the board increased the total repurchase authorization to $35.0 million.

Stock Performance Graph

Refer to the Company s 2010 Annual Report to Shareholders which is incorporated herein by reference solely as it relates to this item.

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ITEM 6, SELECTED FINANCIAL DATA

Fiscal Years 2006 through 2009 have been restated to reflect adjustments that are further discussed in Notes 1 and 2 to the Consolidated Financial Statements included in Item 8.

Financial Summary **In Thousands except per common share data, financial statistics and other data**	**2010**	**2009**	**2008**	**2007**	**Fiscal Year End** **2006**
Results of Operations Data					
Net sales	**$ 1,574,352**	$ 1,551,562	$ 1,502,119	$ 1,460,478	$ 1,283,876
Depreciation	**47,033**	46,757	45,114	40,306	34,622
Earnings from operations	**60,422**	259,626	41,821	117,849	109,835
Earnings from continuing operations before income taxes	**50,488**	250,714	29,920	108,535	100,101
Earnings from continuing operations	**29,086**	156,219	6,774	66,713	61,190
(Provision for) earnings from discontinued operations, net	**(273)**	(5,463)	(1,603)	(601)	60
Net earnings	**$ 28,813**	$ 150,756	$ 5,171	$ 66,112	$ 61,250
Per Common Share Data					
Earnings from continuing operations					
Basic	**$ 1.35**	$ 8.11	$ .29	$ 2.93	$ 2.67
Diluted	**1.31**	6.72	.29	2.61	2.38
Discontinued operations					
Basic	**(.02)**	(.28)	(.07)	(.02)	.00
Diluted	**(.01)**	(.23)	(.07)	(.02)	.00
Net earnings					
Basic	**1.33**	7.83	.22	2.91	2.67
Diluted	**1.30**	6.49	.22	2.59	2.38
Balance Sheet Data					
Total assets	**$ 863,652**	$ 816,063	$ 801,685	$ 729,048	$ 685,697
Long-term debt	**-0-**	113,735	147,271	98,390	92,711
Non-redeemable preferred stock	**5,220**	5,203	5,338	6,602	6,695
Common shareholders equity	**577,093**	444,552	420,778	405,040	350,005
Capital expenditures	**33,825**	49,420	80,662	73,287	56,946
Financial Statistics					
Earnings from operations as a percent of net sales	**3.8%**	16.7%	2.8%	8.1%	8.6%
Book value per share (common shareholders equity divided by common shares outstanding)	**$ 23.97**	$ 23.10	$ 18.46	$ 17.81	$ 15.05
Working capital (in thousands)	**$ 280,415**	$ 259,137	$ 238,093	$ 200,330	$ 184,986
Current ratio	**2.7**	2.9	2.6	2.5	2.2
Percent long-term debt to total capitalization	**0.0%**	20.2%	25.7%	19.3%	20.6%
Other Data (End of Year)					
Number of retail outlets*	**2,276**	2,234	2,175	2,009	1,773

Number of employees	**13,925**	13,775	13,950	12,750	11,100

* Includes 37 Sports Fan-Attic stores in Fiscal 2010 acquired November 3, 2009 and 49 Hat Shack stores in Fiscal 2007 acquired January 11, 2007. See Note 4 to the Consolidated Financial Statements.

Reflected in earnings from continuing operations for Fiscal 2009 was a $204.1 million gain on the settlement of merger-related litigation.

Reflected in earnings from continuing operations for Fiscal 2009 and 2008 were $8.0 million and $27.6 million, respectively, in merger-related costs and litigation expenses. These expenses were deductible for tax purposes in Fiscal 2009. See Notes 3 and 15 to the Consolidated Financial Statements for additional information regarding these charges.

Reflected in earnings from continuing operations for Fiscal 2010, 2009, 2008, 2007 and 2006 were restructuring and other charges of $13.4 million, $7.5 million, $9.7 million, $1.1 million and $2.3 million, respectively. See Note 5 to the Consolidated Financial Statements for additional information regarding these charges.

Long-term debt includes current obligations. During Fiscal 2010, the Company entered into separate exchange agreements whereby it acquired and retired all $86.2 million in aggregate principal amount of its Debentures due June 15, 2023 in exchange for the issuance of 4,552,824 shares of its common stock. As a result of the exchange agreements and conversions, the Company recognized a loss on the early retirement of debt of $5.5 million reflected in earnings from continuing operations. In December 2006, the Company entered into an amended and restated credit agreement in the aggregate principal amount of $200.0 million. See Note 8 to the Consolidated Financial Statements for additional information regarding the Company s debt.

The Company has not paid dividends on its Common Stock since 1973. See Notes 8 and 10 to the Consolidated Financial Statements and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Future Capital Needs for a description of limitations on the Company s ability to pay dividends.

ITEM 7, MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This discussion and the notes to the Consolidated Financial Statements, as well as Item 1, Business, include certain forward-looking statements, which include statements regarding our intent, belief or expectations and all statements other than those made solely with respect to historical fact. Actual results could differ materially from those reflected by the forward-looking statements in this discussion and a number of factors may adversely affect the forward looking statements and the Company s future results, liquidity, capital resources or prospects. These include 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, 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 and environmental matters involving the Company. For a discussion of additional risk factors, See Item 1A, Risk Factors.

Overview

Description of Business

The Company is a leading retailer of branded footwear, of licensed and branded headwear and of licensed sports apparel and accessories, operating 2,276 retail footwear, headwear and sports apparel and accessory stores throughout the United States and, in Puerto Rico and Canada as of January 30, 2010. The Company also designs, sources, markets and distributes footwear under its own Johnston & Murphy brand and under the licensed Dockers® brand to more than 900 retail accounts in the United States, including a number of leading department, discount, and specialty stores.

The Company operates five reportable business segments (not including corporate): Journeys Group, comprised of the Journeys, Journeys Kidz and Shi by Journeys retail footwear chains, catalog and e-commerce operations; Underground Station Group, comprised of the Underground Station retail footwear chain and e-commerce operations and the Company s remaining Jarman retail footwear stores; Hat World Group, comprised primarily of the Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Locker Room retail headwear stores and e-commerce operations, the Sports Fan-Attic retail licensed sports headwear, apparel and accessory stores acquired in November 2009, and the Impact Sports and Great Plains Sports team dealer businesses acquired in November 2008 and September 2009, respectively; Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, catalog and e-commerce operations and wholesale distribution; and Licensed Brands, comprised primarily of Dockers® Footwear,

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sourced and marketed under a license from Levi Strauss & Company.

The Journeys retail footwear stores sell footwear and accessories primarily for 13 to 22 year old men and women. The stores average approximately 1,950 square feet. The Journeys Kidz retail footwear stores sell footwear primarily for younger children, ages five to 12. These stores average approximately 1,425 square feet. Shi by Journeys retail footwear stores sell footwear and accessories to fashion-conscious women in their early 20 s to mid 30 s. These stores average approximately 2,150 square feet.

The Underground Station retail footwear stores sell footwear and accessories primarily for men and women in the 20 to 35 age group and in the urban market. The Underground Station Group stores average approximately 1,800 square feet. The Company plans to shorten the average lease life of the Underground Station stores, close certain underperforming stores as the opportunity presents itself, and attempt to secure rent relief on other locations while it assesses the future prospects for the chain.

The Hat World Group includes stores and kiosks that sell licensed and branded headwear to men and women primarily in the early-teens to mid-20 s age group and Sports Fan-Attic stores that sell licensed sports headwear, apparel and accessories to sports fans of all ages. The Hat World store locations average approximately 800 square feet and are primarily in malls, airports, street level stores and factory outlet centers throughout the United States, and in Puerto Rico and Canada. Sports Fan-Attic locations average approximately 3,075 square feet and are in malls primarily in the southeastern United States. In November 2008, the Company acquired Impact Sports, a team dealer business, as part of the Hat World Group. In September 2009, the Company acquired Great Plains Sports, also a team dealer business, as part of the Hat World Group. In November 2009, the Company acquired Sports Fan-Attic, as part of the Hat World Group.

Johnston & Murphy retail shops sell a broad range of men s footwear, luggage and accessories. Johnston & Murphy introduced a line of women s footwear and accessories in select Johnston & Murphy retail shops in the fall of 2008. Johnston & Murphy shops average approximately 1,475 square feet and are located primarily in better malls nationwide and in airports. Johnston & Murphy shoes are also distributed through the Company s wholesale operations to better department and independent specialty stores. In addition, the Company sells Johnston & Murphy footwear and accessories in factory stores, averaging approximately 2,350 square feet, located in factory outlet malls, and through a direct-to-consumer catalog and e-commerce operation.

The Company entered into an exclusive license with Levi Strauss & Co. to market men s footwear in the United States under the Dockers® brand name in 1991. Levi Strauss & Co. and the Company have subsequently added additional territories, including Canada and Mexico and in certain other Latin American countries. The Dockers license agreement was renewed May 15, 2009. The Dockers license agreement, as amended, expires on December 31, 2012. The Company uses the Dockers name to market casual and dress casual footwear to men aged 30 to 55 through many of the same national retail chains that carry Dockers slacks and sportswear and in department and specialty stores across the country.

Strategy

The Company s long-term strategy for many years has been to seek organic growth by: 1) increasing the Company s store base, 2) increasing retail square footage, 3) improving comparable store sales, 4) increasing operating margin and 5) enhancing the value of its brands. The pace of the Company s organic growth may be limited by saturation of its markets and by economic conditions. In Fiscal 2010, the Company slowed the pace of new store openings and focused on inventory management and cash flow in response to the recent economic downturn. The Company has also focused on opportunities provided by the economic climate to negotiate occupancy cost reductions, especially where lease provisions triggered by sales shortfalls or declining occupancy of malls would permit the Company to terminate leases.

To supplement its organic growth potential, the Company has made acquisitions and expects to consider acquisition opportunities, either to augment its existing businesses or to enter new businesses that it considers compatible with its existing businesses, core expertise and strategic profile. Acquisitions involve a number of risks, including inaccurate valuation of the acquired business, the assumption of undisclosed liabilities, the failure to integrate the acquired business appropriately, and distraction of management from existing businesses. The Company seeks to mitigate these risks by applying appropriate financial metrics in its valuation analysis and developing and executing plans for due diligence and integration that are appropriate to each acquisition.

More generally, the Company attempts to develop strategies to mitigate the risks it views as material, including those discussed under the caption Forward looking Statements, above and those discussed in Item 1A, Risk Factors. Among the most important of these factors are those related to consumer demand. Conditions in the external economy can affect demand, resulting in changes in sales and, as prices are adjusted to drive sales and manage inventories, in gross margins. Because fashion trends influencing many of the Company s target customers (particularly customers of Journeys Group, Underground Station Group and Hat World Group) can change rapidly, the Company believes that its ability to react quickly to those changes has been important to its success. Even when the Company succeeds in aligning its merchandise offerings with consumer preferences, those preferences may affect results by, for example, driving sales of products with lower average selling prices. Moreover, economic factors, such as the recession and the current high level of unemployment, may reduce the consumer s disposable income or his or her willingness to purchase discretionary items, and thus may reduce demand for the Company s merchandise, regardless of the Company s skill in detecting and responding to fashion trends. The Company believes its experience and discipline in merchandising and the buying power associated with its relative size in the industry are important to its ability to mitigate risks associated with changing customer preferences and other reductions in consumer demand.

Summary of Results of Operations

The Company s net sales increased 1.5% during Fiscal 2010 compared to Fiscal 2009. The increase was driven primarily by a 15% increase in Hat World Group sales, offset by a 10% decrease in Underground Station Group sales, a 7% decrease in Johnston & Murphy Group sales, a 3% decrease in Licensed Brands sales and a 1% decrease in Journeys Group sales. Gross margin increased as a percentage of net sales during Fiscal 2010, primarily due to margin increases in the Journeys Group, Underground Station Group and Licensed Brands offset by margin decreases in the Hat World Group and Johnston & Murphy Group. Selling and administrative expenses

decreased as a percentage of net sales during Fiscal 2010, reflecting the absence of merger-related expenses and expense decreases as a percentage of net sales in the Hat World Group, offset by increases as a percentage of net sales in the Journeys Group, Underground Station Group, Johnston & Murphy Group and Licensed Brands. Last year s selling and administrative expenses included $8.0 million of expenses related to the terminated merger agreement and related litigation. See the discussion under Terminated Merger Agreement, below. Earnings from operations decreased as a percentage of net sales during Fiscal 2010, primarily due to the absence of the gain on the settlement of merger-related litigation, decreased earnings from operations in the Johnston & Murphy Group and Journeys Group, offset by the absence of merger-related expenses this year and increased earnings from operations in the Hat World Group and Licensed Brands as well as a smaller loss in the Underground Station Group.

Significant Developments

Change in Method of Accounting for Convertible Subordinated Debentures

In May 2008, the Financial Accounting Standards Board (FASB) updated the Debt Topic, specifically Debt with Conversion and Other Options, of the Codification to require the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer s nonconvertible debt borrowing rate. The Company adopted this update to the Codification as of February 1, 2009. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar debt instrument without the conversion feature, and the difference between the proceeds for the convertible debt and the amount reflected as a debt liability is then recorded as additional paid-in capital. As a result, the debt is effectively recorded at a discount reflecting its below market coupon interest rate. The debt is subsequently accreted to its par value over its expected life, with the rate of interest that reflects the market rate at issuance being reflected in the Consolidated Statements of Operations. The Company has applied this update to the Codification retrospectively to its Consolidated Financial Statements, as required. The retroactive application of this update to the Codification resulted in the recognition of additional pretax non-cash interest expense for Fiscal 2009 and 2008 of $3.1 and $2.8 million, respectively. For additional information, see Note 2 to the Consolidated Financial Statements.

Conversion of 4 1/8% Debentures

On April 29, 2009, the Company entered into separate exchange agreements whereby it acquired and retired $56.4 million in aggregate principal amount ($51.3 million fair value) of its Debentures due June 15, 2023 in exchange for the issuance of 3,066,713 shares of its common stock, which include 2,811,575 shares that were reserved for conversion of the Debentures and 255,138 additional inducement shares, and a cash payment of approximately $0.9 million. The inducement was not deductible for tax purposes. During the fourth quarter of Fiscal 2010, holders of an aggregate of $21.04 million principal amount of its 4 1/8% Convertible Subordinated Debentures were converted to 1,048,764 shares of common stock pursuant to separate conversion agreements which provided for payment of an aggregate of $0.3 million to induce conversion. On November 4, 2009, the Company issued a notice of redemption to the remaining holders of the $8.775 million outstanding 4 1/8% Convertible Subordinated Debentures. As permitted by the Indenture, holders of all except $1,000 in principal amount of the remaining Debentures converted their Debentures to 437,347 shares of common stock prior to the redemption date of December 3, 2009. As a result of the exchange agreements and

conversions, the Company recognized a loss on the early retirement of debt of $5.5 million in Fiscal 2010, reflected on the Consolidated Statements of Operations. After the exchanges and conversions, there was zero aggregate principal amount of Debentures outstanding. For additional information on the conversion of the Debentures, see Note 8 to the Consolidated Financial Statements.

Sports Fan-Attic Acquisition

In the fourth quarter of Fiscal 2010, the Company s Hat World subsidiary acquired the assets of Sports Fan-Attic, a retailer of licensed sports headwear, apparel, accessories and novelties, with 37 stores in seven states as of January 30, 2010, for a purchase price of $13.9 million plus assumed debt of $1.6 million with $4.5 million of that amount withheld until satisfaction of certain closing contingencies. Subsequently, in February 2010, $3.0 million of the $4.5 million was paid.

Great Plains Sports Acquisition

In the third quarter of Fiscal 2010, the Impact Sports division of Hat World acquired the assets of Great Plains Sports of St. Paul, Minnesota, for a purchase price of $2.9 million plus assumed debt of $1.1 million with $0.6 million withheld until satisfaction of certain closing contingencies. Great Plains Sports is a dealer of branded athletic and team products for colleges, high schools, corporations and youth organizations and also operates a sporting goods store in St. Paul, Minnesota.

Share Repurchase Program

In March 2008, the board authorized up to $100.0 million in stock repurchases primarily funded with the after-tax cash proceeds of the settlement of merger-related litigation discussed above under the heading Terminated Merger Agreement. The Company repurchased 4.0 million shares at a cost of $90.9 million during Fiscal 2009. The Company repurchased 85,000 shares at a cost of $2.0 million during Fiscal 2010. In February 2010, the board increased the total repurchase authorization to $35.0 million.

Terminated Merger Agreement

The Company announced in June 2007 that the boards of directors of both Genesco and The Finish Line, Inc. had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash (the Proposed Merger). The Finish Line refused to close the Proposed Merger and litigation ensued. The Proposed Merger and related agreement were terminated in March 2008 in connection with an agreement to settle the litigation with The Finish Line and UBS Loan Finance LLC and UBS Securities LLC (collectively, UBS) for a cash payment of $175.0 million to the Company and a 12% equity stake in The Finish Line, which the Company received in the first quarter of Fiscal 2009. The Company distributed the 12% equity stake, or 6,518,971 shares of Class A Common Stock of The Finish Line, Inc., on June 13, 2008, to its common shareholders of record on May 30, 2008, as required by the settlement agreement. During Fiscal 2009 and 2008, the Company expensed $8.0 million and $27.6 million, respectively, in merger-related litigation costs. The total merger-related litigation costs for Fiscal 2008 of $27.6 million were tax deductible in Fiscal 2009 and resulted in a permanent tax benefit reflected as a component of income tax expense. For additional information, see the Merger-Related Litigation section in Note 15 to the Company s Consolidated Financial Statements.

Restructuring and Other Charges

The Company recorded a pretax charge to earnings of $13.5 million in Fiscal 2010. The charge reflected in restructuring and other, net included $13.3 million for retail store asset impairments and $0.4 million for lease terminations offset by $0.3 million for other legal matters. Also included in the charge was $0.1 million in excess markdowns related to the lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations.

The Company recorded a total pretax charge to earnings of $7.7 million in Fiscal 2009. The charge reflected in restructuring and other, net included $8.6 million of charges for retail store asset impairments, $1.6 million for lease terminations and $1.1 million for other legal matters, offset by a $3.8 million gain from a lease termination transaction. Also included in the charge was $0.2 million in excess markdowns related to the store lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations.

The Company recorded a total pretax charge to earnings of $10.6 million in Fiscal 2008. The charge reflected in restructuring and other, net included $8.7 million of charges for retail store asset impairments and $1.5 million for lease terminations, offset by $0.5 million in excise tax refunds and an antitrust settlement. Also included in the charge was $0.9 million in excess markdowns related to the lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations.

Postretirement Benefit Liability Adjustments

The return on pension plan assets was a gain of $21.2 million for Fiscal 2010 compared to a loss of $28.0 million in Fiscal 2009. The discount rate used to measure benefit obligations decreased from 6.875% to 5.625% in Fiscal 2010. As a result of the increase in return on plan assets partially offset by the decrease in the discount rate, the pension liability decreased to $20.4 million reflected in the Consolidated Balance Sheets compared to $26.0 million in Fiscal 2009. There was a decrease in the pension liability adjustment of $1.2 million (net of tax) in accumulated other comprehensive loss in shareholders equity. Depending upon future interest rates and returns on plan assets, and other known and unknown factors, there can be no assurance that additional adjustments in future periods will not be required.

Discontinued Operations

For the year ended January 30, 2010, the Company recorded an additional charge to earnings of $0.5 million ($0.3 million net of tax) reflected in discontinued operations, including $0.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.3 million gain for excess provisions to prior discontinued operations. For additional information, see Note 15 to the Consolidated Financial Statements.

For the year ended January 31, 2009, the Company recorded an additional charge to earnings of $9.0 million ($5.5 million net of tax) reflected in discontinued operations, including $9.4 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.4 million gain for excess provisions to prior discontinued operations. For additional information, see Note 15 to the Consolidated Financial Statements.

For the year ended February 2, 2008, the Company recorded an additional charge to earnings of $2.6 million ($1.6 million net of tax) reflected in discontinued operations, including $2.9 million

primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.3 million gain for excess provisions to prior discontinued operations. For additional information, see Note 15 to the Consolidated Financial Statements.

Critical Accounting Policies

Inventory Valuation

As discussed in Note 1 to the Consolidated Financial Statements, the Company values its inventories at the lower of cost or market.

In its wholesale operations, cost is determined using the first-in, first-out (FIFO) method. Market is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders. The Company provides reserves when the inventory has not been marked down to market based on current selling prices or when the inventory is not turning and is not expected to turn at levels satisfactory to the Company.

In its retail operations, other than the Hat World segment, the Company employs the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Inherent in the retail inventory method are subjective judgments and estimates including merchandise mark-on, markups, markdowns, and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, the Company employs the retail inventory method in multiple subclasses of inventory and analyzes markdown requirements at the stock number level based on factors such as inventory turn, average selling price, and inventory age. In addition, the Company accrues markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown provisions, the Company maintains provisions for shrinkage and damaged goods based on historical rates.

The Hat World segment employs the moving average cost method for valuing inventories and applies freight using an allocation method. The Company provides a valuation allowance for slow-moving inventory based on negative margins and estimated shrink based on historical experience and specific analysis, where appropriate.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends, and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value. A change of 10 percent from the recorded provisions for markdowns, shrinkage and damaged goods would have changed inventory by $1.1 million at January 30, 2010.

Impairment of Long-Lived Assets

As discussed in Note 1 to the Consolidated Financial Statements, 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 the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets.

The goodwill impairment test involves a two-step process. The first step is a comparison of the fair value and carrying value of the business unit with which the goodwill is associated. The Company estimates fair value using the best information available, and computes the fair value by an equal weighting of the results derived by a market approach and an income approach utilizing discounted cash flow projections. The income approach uses a projection of a business unit s estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. The projection uses management s best estimates of economic and market conditions over the projected period including growth rates in sales, costs, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements.

If the carrying value of the business unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of business unit goodwill to the carrying value of the goodwill in the same manner as if the business unit was being acquired in a business combination. Specifically, we would allocate the fair value to all of the assets and liabilities of the business unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, the Company would record an impairment charge for the difference.

A key assumption in the Company s fair value estimate is the weighted average cost of capital utilized for discounting its cash flow projections in its income approach. The Company believes the rate it used is consistent with the risks inherent in its business and with industry discount rates. The Company performed sensitivity analyses on its estimated fair value using the income approach. Holding all other assumptions constant as of the measurement date, the Company noted that an increase in the weighted average cost of capital of 100 basis points would not result in impairment of its goodwill.

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 15 to the Company s Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including approximately $0.8 million reflected in Fiscal 2010, $9.4 million reflected in Fiscal 2009 and $2.9 million reflected in Fiscal 2008. The Company monitors these matters on an ongoing basis and, on a quarterly basis, 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 best estimate of probable loss connected to the proceeding, or in cases in which no best estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves will 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.

Revenue Recognition

Retail sales are recorded at the point of sale and are net of estimated returns and exclude sales taxes. Catalog and internet sales are recorded at time of delivery to the customer and are net of estimated returns and exclude sales taxes. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Shipping and handling costs charged to customers are included in net sales. Estimated returns and allowances are based on historical returns and allowances. Actual returns and allowances have not differed materially from estimates. Actual returns and allowances in any future period may differ from historical experience.

Income Taxes

As part of the process of preparing Consolidated Financial Statements, the Company is required to estimate its income taxes in each of the tax jurisdictions in which it operates. This process involves estimating actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within the Consolidated Balance Sheets. The Company then assesses the likelihood that its deferred tax assets will be recovered from future taxable income. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. To the extent the Company believes that recovery of an asset is at risk, valuation allowances are established. To the extent valuation allowances are established, or increased in a period, the Company includes an expense within the tax provision in the Consolidated Statements of Operations.

Income tax reserves are determined using the methodology required by the Income Tax Topic of the FASB Accounting Standards Codification. This methodology was adopted by the Company as of February 4, 2007, and requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company s determinations and estimates prove to be inaccurate, the resulting adjustments could be material to its future financial results. See Note 11 to the

Company s Consolidated Financial Statements for additional information regarding income taxes.

Postretirement Benefits Plan Accounting

Full-time employees who had at least 1,000 hours of service in calendar year 2004, except employees in the Hat World segment, are covered by a defined benefit pension plan. The Company froze the defined benefit pension plan effective January 1, 2005. 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.

As required by the Compensation Retirement Benefits Topic of the FASB Accounting Standards Codification, the Company is required to recognize the overfunded or underfunded status of postretirement benefit plans as an asset or liability in their Consolidated Balance Sheets and to recognize changes in that funded status in accumulated other comprehensive loss, net of tax, in the year in which the changes occur. The Company is required to measure the funded status of a plan as of the date of its fiscal year end. The Company adopted the measurement date change as of January 31, 2009. The Company was required to change the measurement date for its defined benefit pension plan and postretirement benefit plan from December 31 to January 31 (end of fiscal year). As a result of this change, pension expense and actuarial gains/losses for the one-month period ended January 31, 2009 were recognized as adjustments to retained earnings and accumulated other comprehensive loss, respectively. The after-tax charge to retained earnings was $0.1 million. The adoption of the measurement date provision had no effect on the Company s Consolidated Statements of Operations for Fiscal 2009 or any prior period presented.

The Company accounts for the defined benefit pension plans using the Compensation-Retirement Benefits Topic of the FASB Accounting Standards Codification. As permitted under this topic, pension expense is recognized on an accrual basis over employees approximate service periods. The calculation of pension expense and the corresponding liability requires the use of a number of critical assumptions, including the expected long-term rate of return on plan assets and the assumed discount rate, as well as the recognition of actuarial gains and losses. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from these assumptions.

Long Term Rate of Return Assumption Pension expense increases as the expected rate of return on pension plan assets decreases. The Company estimates that the pension plan assets will generate a long-term rate of return of 8.25%. To develop this assumption, the Company considered historical asset returns, the current asset allocation and future expectations of asset returns. The expected long-term rate of return on plan assets is based on a long-term investment policy of 50% U.S. equities, 13% international equities, 35% U.S. fixed income securities and 2% cash equivalents. For Fiscal 2010, if the expected rate of return had been decreased by 1%, net pension expense would have increased by $1.0 million, and if the expected rate of return had been increased by 1%, net pension expense would have decreased by $1.0 million.

Discount Rate Pension liability and future pension expense increase as the discount rate is reduced. The Company discounted future pension obligations using a rate of 5.625%, 6.875% and 5.875% for Fiscal 2010, 2009 and 2008, respectively. The discount rate at January 30, 2010 was determined based on a yield curve of high quality corporate bonds with cash flows matching the Company s plans expected benefit payments. For Fiscal 2010, if the discount rate had been

increased by 0.5%, net pension expense would have decreased by $0.5 million, and if the discount rate had been decreased by 0.5%, net pension expense would have increased by $0.5 million. In addition, if the discount rate had been increased by 0.5%, the projected benefit obligation would have decreased by $4.4 million and the accumulated benefit obligation would have decreased by $4.4 million. If the discount rate had been decreased by 0.5%, the projected benefit obligation would have been increased by $4.8 million and the accumulated benefit obligation would have increased by $4.8 million.

Amortization of Gains and Losses   The Company utilizes a calculated value of assets, which is an averaging method that recognizes changes in the fair values of assets over a period of five years. At the end of Fiscal 2010, the Company had unrecognized actuarial losses of $47.7 million. Accounting principles generally accepted in the United States require that the Company recognize a portion of these losses when they exceed a calculated threshold. These losses might be recognized as a component of pension expense in future years and would be amortized over the average future service of employees, which is currently approximately six years. Future changes in plan asset returns, assumed discount rates and various other factors related to the pension plan will impact future pension expense and liabilities, including increasing or decreasing unrecognized actuarial gains and losses.

The Company recognized expense for its defined benefit pension plans of $0.2 million, $1.4 million and $3.1 million in Fiscal 2010, 2009 and 2008, respectively. The Company s board of directors approved freezing the Company s defined pension benefit plan effective January 1, 2005. The Company s pension expense is expected to increase in Fiscal 2011 by approximately $2.4 million due to a larger actuarial loss to be amortized.

Share-Based Compensation

The Company has share-based compensation plans covering certain members of management and non-employee directors. The Company recognizes compensation expense for share-based payments based on the fair value of the awards as required by the Compensation   Stock Compensation Topic of the FASB Accounting Standards Codification. For Fiscal 2010, 2009 and 2008, share-based compensation expense was $0.5 million, $1.7 million and $3.2 million, respectively. For Fiscal 2010, 2009 and 2008, restricted stock expense was $6.5 million, $6.3 million and $4.6 million, respectively. The benefits of tax deductions in excess of recognized compensation expense are reported as a financing cash flow.

The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense, including expected stock price volatility. The Company bases expected volatility on historical term structures. The Company bases the risk free rate on an interest rate for a bond with a maturity commensurate with the expected term estimate. The Company estimates the expected term of stock options using historical exercise and employee termination experience. The Company does not currently pay a dividend on common stock. The fair value of employee restricted stock is determined based on the closing price of the Company s stock on the date of the grant.

In addition to the key assumptions used in the Black-Scholes model, the estimated forfeiture rate at the time of valuation (which is based on historical experience for similar options) is a critical

assumption, as it reduces expense ratably over the vesting period. Share-based compensation expense is recorded based on a 2% expected forfeiture rate and is adjusted annually for actual forfeitures. The Company reviews the expected forfeiture rate annually to determine if that percent is still reasonable based on historical experience. The Company believes its estimates are reasonable in the context of actual (historical) experience. See Note 14 to the Consolidated Financial Statements for additional information regarding the Company s share-based compensation plans.

Comparable Store Sales

Comparable store sales begin in the fifty-third week of a store s operation. Temporarily closed stores are excluded from the comparable store sales calculation for every full week of the store closing. Expanded stores are excluded from the comparable store sales calculation until the fifty-third week of operation in the expanded format. Unless otherwise specified, e-commerce and catalog sales are excluded from comparable store sales calculations.

Results of Operations Fiscal 2010 Compared to Fiscal 2009

The Company s net sales for Fiscal 2010 increased 1.5% to $1.57 billion from $1.55 billion in Fiscal 2009. The increase in net sales was a result of a higher number of stores in operation and an increase in comparable store sales in the Hat World Group, offset by lower sales in the Journeys Group, reflecting negative comparable store sales of 3%, lower sales in the Underground Station Group stores, reflecting fewer stores in operation and negative comparable store sales, lower sales in the Johnston & Murphy Group, reflecting generally challenging economic conditions and a difficult retail environment, and lower sales in Licensed Brands. Gross margin increased 2.0% to $795.9 million in Fiscal 2010 from $780.0 million in Fiscal 2009 and increased as a percentage of net sales from 50.3% to 50.6%. Selling and administrative expenses in Fiscal 2010 increased 0.7% from Fiscal 2009 but decreased as a percentage of net sales from 46.2% to 45.9%, primarily due to the absence of merger-related expenses and leveraging in the Hat World Group due to positive comparable store sales. Expenses in Fiscal 2009 included $8.0 million in merger-related litigation expenses. The Company records buying and merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company s gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings from continuing operations before income taxes (pretax earnings) for Fiscal 2010 were $50.5 million compared to $250.7 million for Fiscal 2009. Pretax earnings for Fiscal 2010 included restructuring and other charges of $13.5 million including $13.3 million for retail store asset impairments and $0.4 million for lease terminations offset by $0.3 million for other legal matters. Also included in pretax earnings was $0.1 million in excess markdowns related to the lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations. Pretax earnings for Fiscal 2010 also included $5.5 million loss on early retirement of debt. Pretax earnings for Fiscal 2009 included a gain of $204.1 million from the settlement of merger-related litigation with The Finish Line and UBS and restructuring and other charges of $7.7 million including $8.6 million for retail store asset impairments, $1.6 million for lease terminations and $1.1 million for other legal matters offset by a $3.8 million gain on a lease termination transaction. Also included in pretax earnings was $0.2 million in excess markdowns related to the lease

terminations which is reflected in cost of sales on the Consolidated Statements of Operations. Pretax earnings for Fiscal 2009 also included $8.0 million in merger-related expenses.

Net earnings for Fiscal 2010 were $28.8 million ($1.30 diluted earnings per share) compared to $150.8 million ($6.49 diluted earnings per share) for Fiscal 2009. Net earnings for Fiscal 2010 includes $0.3 million ($0.01 diluted earnings per share) charge to earnings (net of tax), including $0.5 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.2 million gain for excess provisions to prior discontinued operations. Net earnings for Fiscal 2009 includes a $5.5 million ($0.23 diluted earnings per share) charge to earnings (net of tax), including $5.7 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.2 million gain for excess provisions to prior discontinued operations. The Company recorded an effective federal income tax rate of 42.4% for Fiscal 2010 compared to 37.7% for Fiscal 2009. This year s effective tax rate of 42.4% reflects the non-deductibility of certain items incurred in connection with the inducement of the conversion of the 4 1/8% Debentures for common stock this year. Last year s effective tax rate of 37.7% is primarily attributable to the deduction of prior period merger-related expenses that became deductible upon termination of the Finish Line merger agreement offset by an income tax liability on an increase in value of shares of common stock received in the settlement of litigation with The Finish Line that had no corresponding income in the financial statements. In addition, last year s effective rate was lower due to a $1.2 million reduction in tax liabilities from an agreement reached on a state income tax contingency. See Notes 11 and 15 to the Consolidated Financial Statements for additional information.

Journeys Group

	Fiscal Year Ended		%
	2010	2009	Change
	(dollars in thousands)		
Net sales	**$ 749,202**	$ 760,008	(1.4)%
Earnings from operations	**$ 44,285**	$ 49,050	(9.7)%
Operating margin	**5.9%**	6.5%	

Net sales from Journeys Group decreased 1.4% to $749 million for Fiscal 2010 from $760.0 million for Fiscal 2009. The decrease reflects primarily a 3% decrease in comparable store sales partially offset by a 3% increase in average Journeys stores operated (i.e., the sum of the number of stores open on the first day of the fiscal year and the last day of each fiscal month during the year divided by thirteen). The comparable store sales decrease reflects a 5% decrease in footwear unit comparable sales offset by a 3% increase in average price per pair of shoes reflecting changes in product mix. Total unit sales decreased 3% during the same period. The store count for Journeys Group was 1,025 stores at the end of Fiscal 2010, including 150 Journeys Kidz stores and 56 Shi by Journeys stores, compared to 1,012 Journeys Group stores at the end of Fiscal 2009, including 141 Journeys Kidz stores and 55 Shi by Journeys stores.

Journeys Group earnings from operations for Fiscal 2010 decreased 9.7% to $44.3 million, compared to $49.1 million for Fiscal 2009. Improved gross margin as a percentage of net sales from lower markdowns was more than offset by increased expenses both in dollars and as a percentage of net sales, reflecting negative leverage from negative comparable store sales.

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Underground Station Group

	Fiscal Year Ended		%
	2010	2009	Change
	(dollars in thousands)		
Net sales	**$ 99,458**	$ 110,902	(10.3)%
Loss from operations	**$ (4,584)**	$ (5,660)	19.0%
Operating margin	**(4.6)%**	(5.1)%	

Net sales from the Underground Station Group decreased 10.3% to $99.5 million for Fiscal 2010 from $110.9 million for Fiscal 2009. The decrease reflects a 7% decrease in comparable store sales and a 6% decrease in average Underground Station Group stores operated. The decrease in comparable store sales reflects a 1% decrease in footwear unit comparable sales and a 3% decrease in the average price per pair of shoes, reflecting changes in product mix. Unit sales decreased 5% during Fiscal 2010. Underground Station Group operated 170 stores at the end of Fiscal 2010. The Company had operated 180 Underground Station Group stores at the end of Fiscal 2009. The Company plans to continue to shorten the average lease life of the Underground Station stores, close certain underperforming stores as the opportunity presents itself, and attempt to secure rent relief on other locations while it assesses the future prospects for the chain.

Underground Station Group loss from operations for Fiscal 2010 improved to $(4.6) million compared to $(5.7) million for the same period last year. The improvement was due to increased gross margin as a percentage of net sales reflecting improvement in initial mark-on from changes in product mix.

Hat World Group

	Fiscal Year Ended		%
	2010	2009	Change
	(dollars in thousands)		
Net sales	**$ 465,776**	$ 405,446	14.9%
Earnings from operations	**$ 44,039**	$ 36,670	20.1%
Operating margin	**9.5%**	9.0%	

Net sales from the Hat World Group increased 14.9% to $465.8 million for Fiscal 2010 from $405.4 million for Fiscal 2009. The increase reflects primarily a $24.7 million increase in sales related to Impact Sports and Great Plains Sports, a 3% increase in comparable store sales, a 2% increase in average stores operated and $11.7 million in sales from the newly acquired Sports Fan-Attic business. The comparable store sales increase reflected a 4% increase in average price per hat from higher prices in Major League Baseball products and branded action headwear, offset by a 1% decrease in comparable store headwear units sold, primarily from weakness in NCAA and NFL products. Hat World Group operated 921 stores at the end of Fiscal 2010, including 60 stores in Canada and 37 Sports Fan-Attic stores, compared to 885 stores at the end of Fiscal 2009, including 50 stores in Canada.

Hat World Group earnings from operations for Fiscal 2010 increased 20.1% to $44.0 million compared to $36.7 million for Fiscal 2009. The increase in operating income was primarily due to

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increased net sales and decreased expenses as a percentage of net sales primarily reflecting leverage from positive comparable store sales.

Johnston & Murphy Group

	Fiscal Year Ended		%
	2010	2009	Change
	(dollars in thousands)		
Net sales	**$ 166,079**	$ 177,963	(6.7)%
Earnings from operations	**$ 5,484**	$ 10,069	(45.5)%
Operating margin	**3.3%**	5.7%	

Johnston & Murphy Group net sales decreased 6.7% to $166.1 million for Fiscal 2010 from $178.0 million for Fiscal 2009, reflecting primarily an 8% decrease in comparable store sales and an 11% decrease in Johnston & Murphy wholesale sales, partially offset by a 3% increase in average stores operated for Johnston & Murphy retail operations. Unit sales for the Johnston & Murphy wholesale business decreased 2% in Fiscal 2010 and the average price per pair of shoes decreased 10% for the same period. Retail operations accounted for 75.4% of Johnston & Murphy Group sales in Fiscal 2010, up from 74.2% in Fiscal 2009. The comparable store sales decrease in Fiscal 2010 reflects a 7% decrease in footwear unit comparable sales and a 4% decrease in average price per pair of shoes, primarily due to changes in product mix. The store count for Johnston & Murphy retail operations at the end of Fiscal 2010 included 160 Johnston & Murphy shops and factory stores compared to 157 Johnston & Murphy shops and factory stores at the end of Fiscal 2009.

Johnston & Murphy earnings from operations for Fiscal 2010 decreased 45.5% to $5.5 million from $10.1 million for Fiscal 2009, primarily due to decreased net sales, decreased gross margin as a percentage of net sales, reflecting changes in product mix and lower full priced wholesale sales, and increased expenses as a percentage of net sales, reflecting negative leverage from the decrease in comparable store sales.

Licensed Brands

	Fiscal Year Ended		%
	2010	2009	Change
	(dollars in thousands)		
Net sales	**$ 93,194**	$ 96,561	(3.5)%
Earnings from operations	**$ 12,372**	$ 11,925	3.7%
Operating margin	**13.3%**	12.3%	

Licensed Brands net sales decreased 3.5% to $93.2 million for Fiscal 2010 from $96.6 million for Fiscal 2009. The sales decrease reflects a 5% decrease in sales of Dockers Footwear offset by increased sales from a new line of footwear introduced in the third quarter last year that the Company is sourcing under a different brand with limited distribution. Unit sales for Dockers Footwear decreased 1% for Fiscal 2010 and the average price per pair of shoes decreased 3% for the same period.

Licensed Brands earnings from operations for Fiscal 2010 increased 3.7%, from $11.9 million for Fiscal 2009 to $12.4 million, primarily due to increased gross margin as a percentage of net sales,

reflecting decreased product costs and changes in product mix.

Corporate, Interest Expenses and Other Charges

Corporate and other expense for Fiscal 2010 was $46.7 million compared to income of $157.6 million for Fiscal 2009. Corporate expense in Fiscal 2010 included $13.5 million in restructuring and other charges, primarily for retail store asset impairments and lease terminations offset by other legal matters. Corporate expense for Fiscal 2010 also included $5.5 million for the loss on early retirement of debt. Corporate and other costs of sales for Fiscal 2010 included $0.1 million in excess markdowns related to lease terminations. Corporate income in Fiscal 2009 included a $204.1 million gain from the settlement of merger-related litigation partially offset by $7.7 million in restructuring and other charges, primarily for retail store asset impairments, lease terminations and other legal matters offset by a gain on a lease termination transaction and $8.0 million in merger-related expenses. Corporate and other costs of sales for Fiscal 2009 included $0.2 million in excess markdowns related to lease terminations.

Interest expense decreased 52.0% from $9.2 million in Fiscal 2009 to $4.4 million in Fiscal 2010, due to reduced interest expense on the Company s 4 1/8% Debentures as a result of retiring $86.2 million in aggregate principal amount of the Debentures during Fiscal 2010. The application of the updated Debt Topic to the Codification resulted in the recognition of additional pretax non-cash interest expense totaling $1.4 million for Fiscal 2010, compared to $3.1 million for Fiscal 2009. Interest income decreased 95.7% to $14,000 from $0.3 million for Fiscal 2009.

Results of Operations Fiscal 2009 Compared to Fiscal 2008

The Company s net sales for Fiscal 2009 increased 3.3% to $1.55 billion from $1.50 billion in Fiscal 2008. The increase in net sales was a result of a higher number of stores in operation and an increase in comparable store sales in the Journeys Group and Hat World Group and increased Licensed Brands sales, offset by lower sales in the Underground Station Group stores, reflecting fewer stores in operation and flat comparable store sales, and Johnston & Murphy Group, reflecting generally challenging economic conditions and a difficult retail environment. Gross margin increased 3.8% to $780.0 million in Fiscal 2009 from $751.2 million in Fiscal 2008 and increased as a percentage of net sales from 50.0% to 50.3%. Selling and administrative expenses in Fiscal 2009 increased 2.5% from Fiscal 2008 but decreased as a percentage of net sales from 46.6% to 46.2%, primarily as a result of lower merger-related expenses. Expenses in Fiscal 2009 included $8.0 million of merger-related litigation expenses and Fiscal 2008 included $27.6 million in merger-related litigation expenses. The Company records buying and merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company s gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Pretax earnings for Fiscal 2009 were $250.7 million compared to $29.9 million for Fiscal 2008. Pretax earnings for Fiscal 2009 included a gain of $204.1 million from the settlement of merger- related litigation with The Finish Line and UBS and restructuring and other charges of $7.7 million including $8.6 million for retail store asset impairments, $1.6 million for lease terminations and $1.1 million for other legal matters offset by a $3.8 million gain on a lease termination transaction.

Also included in pretax earnings was $0.2 million in excess markdowns related to the store lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations. Pretax earnings for Fiscal 2009 also included $8.0 million in merger-related expenses. Pretax earnings for Fiscal 2008 included restructuring and other charges of $10.6 million, including $8.7 million of charges for asset impairments and $1.5 million for lease terminations, offset by $0.5 million in excise tax refunds and an antitrust settlement. Also included in pretax earnings was $0.9 million in excess markdowns related to the Underground Station Group store lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations. Pretax earnings for Fiscal 2008 also included $27.6 million in expenses relating to the merger agreement with The Finish Line and a $0.5 million gain from insurance proceeds relating to Hurricane Katrina.

Net earnings for Fiscal 2009 were $150.8 million ($6.49 diluted earnings per share) compared to $5.2 million ($0.22 diluted earnings per share) for Fiscal 2008. Net earnings for Fiscal 2009 includes $5.5 million ($0.23 diluted earnings per share) charge to earnings (net of tax), including $5.7 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.2 million gain for excess provisions to prior discontinued operations. Net earnings for Fiscal 2008 included $1.6 million ($0.07 diluted earnings per share) charge to earnings (net of tax), including $1.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.2 million gain for excess provisions to prior discontinued operations. The Company recorded an effective federal income tax rate of 37.7% for Fiscal 2009 compared to 77.4% for Fiscal 2008. The variance in the effective tax rate for Fiscal 2009 compared to Fiscal 2008 is primarily attributable to transaction costs incurred in the prior period that were deductible in the later period, as well as to issues related to the settlement of merger-related litigation. See Notes 11 and 15 to the Consolidated Financial Statements for additional information.

Journeys Group

	Fiscal Year Ended		%
	2009	2008	Change
	(dollars in thousands)		
Net sales	$ 760,008	$ 713,366	6.5%
Earnings from operations	$ 49,050	$ 51,097	(4.0)%
Operating margin	6.5%	7.2%	

Net sales from Journeys Group increased 6.5% to $760.0 million for Fiscal 2009 from $713.4 million for Fiscal 2008. The increase reflects primarily a 9% increase in average Journeys stores operated and a 1% increase in comparable store sales. The comparable store sales increase reflects a 1% increase in footwear unit comparable sales and a 1% increase in average price per pair of shoes reflecting changes in product mix. Total unit sales increased 7% during the same period. The store count for Journeys Group was 1,012 stores at the end of Fiscal 2009, including 141 Journeys Kidz stores and 55 Shi by Journeys stores, compared to 967 Journeys Group stores at the end of Fiscal 2008, including 115 Journeys Kidz stores and 47 Shi by Journeys stores.

Journeys Group earnings from operations for Fiscal 2009 decreased 4.0% to $49.1 million, compared to $51.1 million for Fiscal 2008. The decrease was primarily attributable to increased expenses as a percentage of net sales, reflecting increased rent from new stores, lease renewals and relocation from smaller, volume constrained locations to bigger stores, as well as increased bonus

accruals based on improved performance for bonus purposes.

Underground Station Group

	Fiscal Year Ended		%
	2009	2008	Change
	(dollars in thousands)		
Net sales	$ 110,902	$ 124,002	(10.6)%
Loss from operations	$ (5,660)	$ (7,710)	26.6%
Operating margin	(5.1)%	(6.2)%	

Net sales from the Underground Station Group decreased 10.6% to $110.9 million for Fiscal 2009 from $124.0 million for Fiscal 2008. The decrease reflects a 14% decrease in average Underground Station Group stores operated related to the Company s strategy of closing Jarman stores and the plan announced in May 2007 to close or convert up to 49 Underground Station Group stores. Unit sales decreased 7% during Fiscal 2009. Comparable store sales were flat for Underground Station Group for the year. The flat comparable store sales reflect a 6% increase in footwear unit comparable sales, offset by a 4% decrease in the average price per pair of shoes, reflecting changes in product mix in part due to more women s and children s products, and increased markdowns. Underground Station Group operated 180 stores at the end of Fiscal 2009. The Company had operated 192 Underground Station Group stores at the end of Fiscal 2008. The Company plans to continue to shorten the average lease life of the Underground Station stores, close certain underperforming stores as the opportunity presents itself, and attempt to secure rent relief on other locations while it assesses the future prospects for the chain.

Underground Station Group loss from operations for Fiscal 2009 improved to $(5.7) million compared to $(7.7) million for the same period last year. The improvement was due to decreased expenses as a percentage of net sales from store closings and actions taken for improved expense control.

Hat World Group

	Fiscal Year Ended		%
	2009	2008	Change
	(dollars in thousands)		
Net sales	$ 405,446	$ 378,913	7.0%
Earnings from operations	$ 36,670	$ 31,987	14.6%
Operating margin	9.0%	8.4%	

Net sales from the Hat World Group increased 7.0% to $405.4 million for Fiscal 2009 from $378.9 million for Fiscal 2008. The increase reflects primarily a 5% increase in average stores operated and a 2% increase in comparable store sales. Hat World Group operated 885 stores at the end of Fiscal 2009, including 50 stores in Canada, compared to 862 stores at the end of Fiscal 2008, including 34 stores in Canada.

Hat World Group earnings from operations for Fiscal 2009 increased 14.6% to $36.7 million compared to $32.0 million for Fiscal 2008. The increase in operating income was primarily due to increased net sales and increased gross margin as a percentage of net sales primarily reflecting

fewer off-priced sales, increased vendor discounts and growth in higher margin areas.

Johnston & Murphy Group

	Fiscal Year Ended		%
	2009	2008	Change
	(dollars in thousands)		
Net sales	$ 177,963	$ 192,487	(7.5)%
Earnings from operations	$ 10,069	$ 19,807	(49.2)%
Operating margin	5.7%	10.3%	

Johnston & Murphy Group net sales decreased 7.5% to $178.0 million for Fiscal 2009 from $192.5 million for Fiscal 2008, reflecting primarily a 10% decrease in comparable store sales and a 7% decrease in Johnston & Murphy wholesale sales, partially offset by a 2% increase in average stores operated for Johnston & Murphy retail operations. Unit sales for the Johnston & Murphy wholesale business decreased 11% in Fiscal 2009, while the average price per pair of shoes increased 3% for the same period. Retail operations accounted for 74.2% of Johnston & Murphy Group sales in Fiscal 2009, unchanged from Fiscal 2008. The comparable store sales decrease in Fiscal 2009 reflects a 12% decrease in footwear unit comparable sales and a 1% decrease in average price per pair of shoes, primarily due to changes in product mix and increased markdowns. The store count for Johnston & Murphy retail operations at the end of Fiscal 2009 included 157 Johnston & Murphy shops and factory stores compared to 154 Johnston & Murphy shops and factory stores at the end of Fiscal 2008.

Johnston & Murphy earnings from operations for Fiscal 2009 decreased 49.2% to $10.1 million from $19.8 million for Fiscal 2008, primarily due to decreased net sales, decreased gross margin as a percentage of net sales, reflecting changes in product mix and increased markdowns, and increased expenses as a percentage of net sales, reflecting negative leverage from the decrease in comparable store sales.

Licensed Brands

	Fiscal Year Ended		%
	2009	2008	Change
	(dollars in thousands)		
Net sales	$ 96,561	$ 92,706	4.2%
Earnings from operations	$ 11,925	$ 10,976	8.6%
Operating margin	12.3%	11.8%	

Licensed Brands net sales increased 4.2% to $96.6 million for Fiscal 2009 from $92.7 million for Fiscal 2008. The sales increase reflects a 5% increase in sales of Dockers Footwear. Unit sales for Dockers Footwear increased 4% for Fiscal 2009 and the average price per pair of shoes increased 1% for the same period.

Licensed Brands earnings from operations for Fiscal 2009 increased 8.6%, from $11.0 million for Fiscal 2008 to $11.9 million, primarily due to increased net sales and decreased expenses as a percentage of net sales.

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Corporate, Interest Expenses and Other Charges

Corporate and other for Fiscal 2009 had income of $157.6 million compared to expenses of $64.3 million for Fiscal 2008. Corporate income in Fiscal 2009 included a $204.1 million gain from the settlement of merger-related litigation partially offset by $7.7 million in restructuring and other charges, primarily for retail store asset impairments, lease terminations and other legal matters offset by a gain on a lease termination transaction and $8.0 million in merger-related expenses. Corporate and other costs of sales for Fiscal 2009 included $0.2 million in excess markdowns related to lease terminations. Corporate expenses in Fiscal 2008 included $27.6 million in merger-related expenses and a $0.5 million gain from insurance proceeds relating to Hurricane Katrina. Corporate and other expenses for Fiscal 2008 also included $9.7 million of restructuring and other charges, primarily for asset impairments and lease terminations, offset by excise tax refunds and an antitrust settlement. Corporate and other cost of sales for Fiscal 2008 included $0.9 million in excess markdowns related to Underground Station Group lease terminations.

Interest expense decreased 23.3% from $12.0 million in Fiscal 2008 to $9.2 million in Fiscal 2009, due to the cash received from the merger-related litigation settlement and improved operating cash flow, which decreased average revolver borrowings from $65.9 million in Fiscal 2008 to $27.7 million in Fiscal 2009.

Interest income increased from $0.1 million in Fiscal 2008 to $0.3 million in Fiscal 2009, due to the increase in average short-term investments as a result of the proceeds from the settlement of merger-related litigation.

Liquidity and Capital Resources

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

	Jan. 30, 2010	Jan. 31, 2009	Feb 2, 2008
	(dollars in millions)		
Cash and cash equivalents	**$ 82.1**	$ 17.7	$ 17.7
Working capital	**$ 280.4**	$ 259.1	$ 238.1
Long-term debt	**$ -0-**	$ 113.7	$ 147.3

Working Capital

The Company s business is seasonal, with the Company s investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year. Historically, cash flow from operations has been generated principally in the fourth quarter of each fiscal year.

Cash provided by operating activities was $142.1 million in Fiscal 2010 compared to $179.1 million in Fiscal 2009. The $37.0 million decrease in cash flow from operating activities from last year reflects primarily the receipt of $175.0 million of cash proceeds of the merger-related litigation settlement in Fiscal 2009, offset by an increase in cash flow from changes in inventory, accounts payable, other accrued liabilities and prepaids and other current assets of $27.4 million, $19.5 million, $19.4 million and $16.2 million, respectively. The $27.4 million increase in cash flow from inventory reflected efforts to reduce inventory in order to align inventory growth with sales

growth, especially in the Johnston & Murphy Group. The $19.5 million increase in cash flow from accounts payable reflected changes in buying patterns, including actions taken to reduce inventory in the prior year, and payment terms negotiated with individual vendors. The $19.4 million increase in cash flow from other accrued liabilities reflected Fiscal 2009 reduction in accrued professional fees related to the terminated merger agreement and reduction in income taxes plus a Fiscal 2010 additional accrual related to environmental insurance. The $16.2 million increase in cash flow from prepaids and other current assets was due to decreased prepaid income taxes compared to Fiscal 2009.

The $24.0 million decrease in inventories at January 30, 2010 from January 31, 2009 levels reflects a decrease in inventory, primarily wholesale, due to efforts to align inventory growth with sales growth and increased wholesale inventory last year due to timing of Chinese New Year.

Accounts receivable at January 30, 2010 increased $2.3 million compared to January 31, 2009, due primarily to increased wholesale sales in the fourth quarter of Fiscal 2010 which includes sales of the newly acquired Great Plains Sports team dealer business and slower overall accounts receivable turn.

Cash provided by operating activities was $179.1 million in Fiscal 2009 compared to $23.9 million in Fiscal 2008. The $155.2 million increase in cash flow from operating activities from Fiscal 2008 reflects primarily the receipt of $175.0 million of cash proceeds of the merger-related litigation settlement and changes in inventory of $36.2 million, offset by a decrease in cash flow from changes in other accrued liabilities, prepaids and other current assets and accounts payable of $16.8 million, $10.9 million and $7.6 million, respectively. The $36.2 million increase in cash flow from inventory reflected efforts to reduce inventory in order to align inventory growth with sales growth. The $16.8 million decrease in cash flow from other accrued liabilities was due to a reduction in accrued professional fees related to the terminated merger agreement and a reduction in accrued income taxes due to the Company being in a prepaid income tax position at the end of the year, offset by increased bonus accruals. The $10.9 million decrease in cash flow from prepaids and other current assets was due to increased prepaid income taxes. The $7.6 million decrease in cash flow from accounts payable reflected changes in buying patterns, including actions taken to reduce inventory, and payment terms negotiated with individual vendors.

The $3.3 million increase in inventories at January 31, 2009 from February 2, 2008 levels reflects an increase in wholesale inventory due to an inability to react quickly to the economic conditions as well as increases in inventory to support spring shipments, offset by a decrease in retail inventory due to efforts to align inventory growth with sales growth offset by inventory purchased to support the net increase of 59 stores in Fiscal 2009.

Accounts receivable at January 31, 2009 decreased $2.2 million compared to February 2, 2008, due primarily to decreased wholesale sales in the fourth quarter of Fiscal 2009 and lower tenant allowance receivables from the slow down in store openings.

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

	Fiscal Year Ended		
	2010	2009	2008
	(in thousands)		
Accounts payable	**$ 11,441**	$ (8,071)	$ (430)
Accrued liabilities	**1,661**	(17,694)	(923)
	$ 13,102	$ (25,765)	$ (1,353)

The fluctuations in cash provided (used) due to changes in accounts payable for Fiscal 2010 from Fiscal 2009 and for Fiscal 2009 from Fiscal 2008 are due to changes in buying patterns, including actions taken to reduce inventory in the prior year, and payment terms negotiated with individual vendors. The change in cash provided (used) due to changes in accrued liabilities for Fiscal 2010 from Fiscal 2009 was due primarily to Fiscal 2009 reduction in accrued professional fees related to the terminated merger agreement and reduction in income taxes plus a Fiscal 2010 additional accrual related to environmental insurance, and the change in accrued liabilities for Fiscal 2009 from Fiscal 2008 was due primarily to a reduction in accrued professional fees and expenses related to the terminated merger agreement and a reduction in accrued taxes due to the Company being in a prepaid tax position, offset by higher bonus accruals.

The Company has a revolving credit facility (the Credit Facility) entered into on December 1, 2006, in the aggregate principal amount of $200.0 million, with a $20.0 million swingline loan sublimit and a $70.0 million sublimit for the issuance of standby letters of credit, and has a five-year term. Revolving credit borrowings averaged $15.4 million during Fiscal 2010 and $27.7 million during Fiscal 2009, as cash generated from operations primarily funded seasonal working capital requirements and capital expenditures for Fiscal 2010.

Contractual Obligations

The following tables set forth aggregate contractual obligations and commitments as of January 30, 2010.

(in thousands)	Payments Due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Capital Lease Obligations	$ 141	$ 99	$ 26	$ 3	$ 13
Operating Lease Obligations	976,812	167,739	298,572	246,174	264,327
Purchase Obligations[1]	290,324	290,324	-0-	-0-	-0-
Other Long-Term Liabilities	1,514	198	397	369	550
Total Contractual Obligations[2]	$ 1,268,791	$ 458,360	$ 298,995	$ 246,546	$ 264,890

(in thousands)	Amount of Commitment Expiration Per Period				
Commercial Commitments	Total Amounts Committed	Less than 1 year	1-3 years	3-5 years	More than 5 years
Letters of Credit	$ 10,995	$ 10,995	$ -0-	$ -0-	$ -0-
Total Commercial Commitments	$ 10,995	$ 10,995	$ -0-	$ -0-	$ -0-

(1) Open purchase orders for inventory.

(2) Excludes unrecognized tax benefits of $17.2 million due to their uncertain nature in timing of payments.

Capital Expenditures

Capital expenditures were $33.8 million, $49.4 million and $80.7 million for Fiscal 2010, 2009 and 2008, respectively. The $15.6 million decrease in Fiscal 2010 capital expenditures as compared to Fiscal 2009 resulted primarily from the decrease in retail store capital expenditures due to 61 new store openings in Fiscal 2010, excluding 38 acquired stores, compared to 102 new store openings in Fiscal 2009 and a lower amount of full major renovations. The $31.3 million decrease in Fiscal 2009 capital expenditures as compared to Fiscal 2008 resulted primarily from the decrease in retail store capital expenditures due to 102 new store openings in Fiscal 2009 compared to 229 new store openings in Fiscal 2008.

Total capital expenditures in Fiscal 2011 are expected to be approximately $45.0 million. These include retail capital expenditures of approximately $33.2 million to open approximately 12 Journeys stores, three Journeys Kidz stores, nine Johnston & Murphy shops and factory stores and 45 Hat World Group stores including 15 stores in Canada and

five Sports Fan-Attic stores and to complete approximately 171 major store renovations. Due to current economic conditions, the Company intends to be more selective with respect to new store locations. The Company will continue to open stores at a slower pace in 2011. The planned amount of capital expenditures in Fiscal 2011 for wholesale operations and other purposes is approximately $11.8 million, including approximately $6.2 million for new systems to improve customer service and support the Company s growth.

Future Capital Needs

The Company expects that cash on hand and cash provided by operations will be sufficient to support seasonal working capital requirements and capital expenditures, although the Company may borrow under its Credit Facility from time to time to support seasonal working capital requirements during Fiscal 2011. The approximately $9.4 million of costs associated with discontinued operations that are expected to be paid during the next twelve months are expected to be funded from cash on hand and borrowings under the Credit Facility during Fiscal 2011.

There were $11.0 million of letters of credit outstanding and no revolver borrowings outstanding under the Credit Facility at January 30, 2010. Net availability under the facility was $180.0 million. The Company is not required to comply with any financial covenants under the facility unless Adjusted Excess Availability (as defined in the Amended and Restated Credit Agreement) is less than 10% of the total commitments under the credit facility (currently $20.0 million). If and during such time as Adjusted Excess Availability is less than such amount, the credit facility requires the Company to meet a minimum fixed charge coverage ratio (EBITDA less capital expenditures less cash taxes divided by cash interest expense and scheduled payments of principal indebtedness) of 1.0 to 1.0. Adjusted Excess Availability was $180.0 million at January 30, 2010. Because Adjusted Excess Availability exceeded $20.0 million, the Company was not required to comply with this financial covenant at January 30, 2010.

The Credit Facility prohibits the payment of dividends and other restricted payments (including stock repurchases) unless after such dividend or restricted payment (i) availability is between $30.0 million and $50.0 million, the fixed charge coverage is greater than 1.0 to 1.0 or (ii) availability under the credit facility exceeds $50.0 million. The Company s management does not expect availability under the Credit Facility to fall below $50.0 million during Fiscal 2011.

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 $198,000.

Common Stock Repurchases

In March 2008, the board authorized up to $100.0 million in stock repurchases primarily funded with the after-tax cash proceeds of the settlement of the merger-related litigation with The Finish Line and UBS. See Notes 3 and 15 to the Consolidated Financial Statements. The Company did not repurchase any shares during Fiscal 2008. The Company repurchased 4.0 million shares at a cost of $90.9 million during Fiscal 2009. The Company repurchased 85,000 shares at a cost of $2.0 million during Fiscal 2010. In total, the Company has repurchased 12.2 million shares at a cost of $196.3 million from all authorizations as of January 30, 2010. In February 2010, the board increased the total repurchase authorization to $35.0 million.

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 15 to the Company s Consolidated Financial Statements. The Company has made accruals for certain of these contingencies, including approximately $0.8 million reflected in Fiscal 2010, $9.4 million reflected in Fiscal 2009 and $2.9

million reflected in Fiscal 2008. The Company monitors these matters on an ongoing basis and, on a quarterly basis, 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 and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, 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.

Financial Market Risk

The following discusses the Company s exposure to financial market risk related to changes in interest rates and foreign currency exchange rates.

Outstanding Debt of the Company The Company does not have any outstanding debt as of January 30, 2010.

Cash and Cash Equivalents The Company s cash and cash equivalent balances are invested in financial instruments with original maturities of three months or less. The Company did not have significant exposure to changing interest rates on invested cash at January 30, 2010. As a result, the Company considers the interest rate market risk implicit in these investments at January 30, 2010 to be low.

Foreign Currency Exchange Rate Risk Most purchases by the Company from foreign sources are denominated in U.S. dollars. To the extent that import transactions are denominated in other currencies, it is the Company s practice to hedge its risks through the purchase of forward foreign exchange contracts when the purchases are material. At January 30, 2010, the Company had $0.6 million of forward foreign exchange contracts for Euro. The Company s policy is not to speculate in derivative instruments for profit on the exchange rate price fluctuation and it does not hold any derivative instruments for trading purposes. Derivative instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract. The unrealized loss on contracts outstanding at January 30, 2010 was less than $0.1 million based on current spot rates. As of January 30, 2010, a 10% adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts by approximately $0.1 million.

Accounts Receivable The Company s accounts receivable balance at January 30, 2010 is primarily concentrated in two of its wholesale businesses, which sell primarily to department stores and independent retailers across the United States. One customer accounted for 20% and no other customer accounted for more than 10% of the Company s trade receivables balance as of January 30, 2010. The Company monitors the credit quality of its customers and establishes an allowance for doubtful accounts based upon factors surrounding credit risk of specific customers, historical trends and other information, as well as customer specific factors; however,

credit risk is affected by conditions or occurrences within the economy and the retail industry, as well as company-specific information.

Summary Based on the Company s overall market interest rate and foreign currency rate exposure at January 30, 2010, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates or foreign currency exchange rates on the Company s consolidated financial position, results of operations or cash flows for Fiscal 2011 would not be material.

New Accounting Principles

In June 2009, the FASB established the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Company adopted the Codification effective for its third quarter ended October 31, 2009, and accordingly, all subsequent public filings will reference the Codification as the sole source of authoritative literature.

In December 2008, the FASB updated the Compensation Retirement Benefits Topic of the Codification to require more detailed disclosures about the assets of a defined benefit pension or other postretirement plan and is effective for fiscal years ending after December 15, 2009 (Fiscal 2010 for the Company). The Company adopted this updated guidance as of January 30, 2010 and it did not have a significant impact on its results of operations or financial position. See Note 12 to the Consolidated Financial Statements.

Inflation

The Company does not believe inflation has had a material impact on sales or operating results during periods covered in this discussion.

ITEM 7A, QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company incorporates by reference the information regarding market risk appearing under the heading Financial Market Risk in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 8, FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm
On Internal Control over Financial Reporting

The Board of Directors and Shareholders
Genesco Inc.

We have audited Genesco Inc. s internal control over financial reporting as of January 30, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Genesco Inc. s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Genesco Inc. maintained, in all material respects, effective internal control over financial reporting as of January 30, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Genesco Inc. as of January 30, 2010 and January 31, 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three fiscal years in the period ended January 30, 2010 and our report dated March 31, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Nashville, Tennessee
March 31, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Genesco Inc.

We have audited the accompanying consolidated balance sheets of Genesco Inc. and Subsidiaries (the Company) as of January 30, 2010 and January 31, 2009, and the related consolidated statements of operations, shareholders equity and cash flows for each of the three fiscal years in the period ended January 30, 2010. Our audits also included the financial statement schedule listed in Item 15. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Genesco Inc. and Subsidiaries at January 30, 2010 and January 31, 2009, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended January 30, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

As discussed in Notes 1 and 11 to the consolidated financial statements, in fiscal 2008 the Company changed its method of accounting for income tax contingencies. As discussed in Note 2, the Company adopted the update to the Debt Topic, specifically Debt with Conversion and Other Options, as of February 1, 2009.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of January 30, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Nashville, Tennessee
March 31, 2010

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Genesco Inc.
and Subsidiaries
Consolidated Balance Sheets
In Thousands, except share amounts

Assets	As of Fiscal Year End 2010	2009
Current Assets		
Cash and cash equivalents	**$ 82,148**	$ 17,672
Accounts receivable, net of allowances of $3,232 at January 30, 2010 and $3,052 at January 31, 2009	**27,217**	23,744
Inventories	**290,974**	306,078
Deferred income taxes	**17,314**	15,083
Prepaids and other current assets	**32,419**	35,542
Total current assets	**450,072**	398,119
Property and equipment:		
Land	**4,863**	4,863
Buildings and building equipment	**17,992**	17,990
Computer hardware, software and equipment	**86,239**	79,255
Furniture and fixtures	**101,923**	99,954
Construction in progress	**3,196**	7,044
Improvements to leased property	**277,624**	274,613
Property and equipment, at cost	**491,837**	483,719
Accumulated depreciation	**(275,544)**	(244,038)
Property and equipment, net	**216,293**	239,681
Deferred income taxes	**13,545**	5,302
Goodwill	**118,995**	111,680
Trademarks	**52,799**	51,455
Other intangibles, net of accumulated amortization of $8,795 at January 30, 2010 and $7,956 at January 31, 2009	**3,670**	2,376
Other noncurrent assets	**8,278**	7,450
Total Assets	**$ 863,652**	$ 816,063

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Genesco Inc.
and Subsidiaries
Consolidated Balance Sheets
In Thousands, except share amounts

Liabilities and Shareholders Equity	As of Fiscal Year End 2010	2009
Current Liabilities		
Accounts payable	**$ 92,699**	$ 73,143
Accrued employee compensation	**15,043**	15,780
Accrued other taxes	**11,570**	11,254
Accrued income taxes	**-0-**	634
Other accrued liabilities	**40,979**	28,727
Provision for discontinued operations	**9,366**	9,444
Total current liabilities	**169,657**	138,982
Long-term debt	**-0-**	113,735
Pension liability	**20,402**	25,968
Deferred rent and other long-term liabilities	**85,232**	81,499
Provision for discontinued operations	**6,048**	6,124
Total liabilities	**281,339**	366,308
Commitments and contingent liabilities		
Shareholders Equity		
Non-redeemable preferred stock	**5,220**	5,203
Common shareholders equity:		
Common stock, $1 par value:		
Authorized: 80,000,000 shares Issued/Outstanding: January 30, 2010 24,562,693/24,074,229 January 31, 2009 19,731,979/19,243,515	**24,563**	19,732
Additional paid-in capital	**146,981**	49,780
Retained earnings	**452,210**	423,595
Accumulated other comprehensive loss	**(28,804)**	(30,698)
Treasury shares, at cost	**(17,857)**	(17,857)
Total shareholders equity	**582,313**	449,755
Total Liabilities and Shareholders Equity	**$ 863,652**	$ 816,063

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

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Genesco Inc.
and Subsidiaries
Consolidated Statements of Operations
In Thousands, except per share amounts

			Fiscal Year
	2010	2009	2008
Net sales	**$ 1,574,352**	$ 1,551,562	$ 1,502,119
Cost of sales	**778,482**	771,580	750,904
Selling and administrative expenses	**722,087**	716,931	699,692
Gain from settlement of merger-related litigation	**-0-**	(204,075)	-0-
Restructuring and other, net	**13,361**	7,500	9,702
Earnings from operations	**60,422**	259,626	41,821
Loss on early retirement of debt	**5,518**	-0-	-0-
Interest expense, net:			
Interest expense	**4,430**	9,234	12,045
Interest income	**(14)**	(322)	(144)
Total interest expense, net	**4,416**	8,912	11,901
Earnings from continuing operations before income taxes	**50,488**	250,714	29,920
Income tax expense	**21,402**	94,495	23,146
Earnings from continuing operations	**29,086**	156,219	6,774
Provision for discontinued operations, net	**(273)**	(5,463)	(1,603)
Net Earnings	**$ 28,813**	$ 150,756	$ 5,171
Basic earnings per common share:			
Continuing operations	**$ 1.35**	$ 8.11	$ .29
Discontinued operations	**$ (.02)**	$ (0.28)	$ (.07)
Net earnings	**$ 1.33**	$ 7.83	$ .22
Diluted earnings per common share:			
Continuing operations	**$ 1.31**	$ 6.72	$ .29
Discontinued operations	**$ (.01)**	$ (0.23)	$ (.07)
Net earnings	**$ 1.30**	$ 6.49	$ .22

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

Genesco Inc.
and Subsidiaries
Consolidated Statements of Cash Flows
In Thousands

			Fiscal Year
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	**$ 28,813**	$ 150,756	$ 5,171
Tax benefit of stock options exercised	**-0-**	(157)	(694)
Adjustments to reconcile net earnings to net cash provided by operating activities**:**			
Depreciation	**47,033**	46,757	45,114
Amortization of deferred note expense and debt discount	**2,022**	3,905	3,653
Loss on early retirement of debt	**5,518**	-0-	-0-
Receipt of Finish Line stock	**-0-**	(29,075)	-0-
Deferred income taxes	**3,680**	6,649	(13,784)
Provision for losses on accounts receivable	**415**	1,079	137
Impairment of long-lived assets	**13,314**	8,570	8,722
Share-based compensation and restricted stock	**6,969**	8,031	7,851
Provision for discontinued operations	**452**	9,006	2,633
Other	**2,152**	1,845	1,805
Effect on cash of changes in working capital and other assets and liabilities, net of acquisitions:			
Accounts receivable	**(2,251)**	2,156	(349)
Inventories	**24,027**	(3,330)	(39,511)
Prepaids and other current assets	**3,154**	(13,052)	(2,174)
Accounts payable	**11,441**	(8,071)	(430)
Other accrued liabilities	**1,661**	(17,694)	(923)
Other assets and liabilities	**(6,304)**	11,728	6,722
Net cash provided by operating activities	**142,096**	179,103	23,943
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**(33,825)**	(49,420)	(80,662)
Acquisitions, net of cash acquired	**(11,719)**	(4,484)	(34)
Proceeds from sale of property and equipment	**13**	16	6
Net cash used in investing activities	**(45,531)**	(53,888)	(80,690)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments of long-term debt	**(2,623)**	(1,330)	-0-
Payments of capital leases	**(181)**	(184)	(210)
Borrowings under revolving credit facility	**197,400**	295,400	365,000
Payments on revolving credit facility	**(229,700)**	(332,100)	(319,000)
Tax benefit of stock options and restricted stock exercised	**-0-**	157	694
Shares repurchased	**-0-**	(90,903)	-0-
Change in overdraft balances	**3,102**	2,420	10,649

Dividends paid on non-redeemable preferred stock	**(198)**	(198)	(217)
Exercise of stock options and issue shares Employee Stock Purchase Plan	**499**	1,492	795
Other	**(388)**	-0-	-0-
Net cash (used in) provided by financing activities	**(32,089)**	(125,246)	57,711
Net Increase (Decrease) in Cash and Cash Equivalents	**64,476**	(31)	964
Cash and cash equivalents at beginning of year	**17,672**	17,703	16,739
Cash and cash equivalents at end of year	**$ 82,148**	$ 17,672	$ 17,703
Supplemental Cash Flow Information:			
Net cash paid for:			
Interest	**$ 1,596**	$ 5,493	$ 8,107
Income taxes	**13,386**	91,833	37,560

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

Genesco Inc.
and Subsidiaries
Consolidated Statements of Shareholders Equity
In Thousands

	Total Non-Redeemable Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Comprehensive Income	Total Share-holders Equity
Balance February 3, 2007 (as adjusted, see Note 2)	$ 6,602	$ 23,230	$ 119,506	$ 301,487	$ (21,327)	$ (17,857)		$ 411,641
Cumulative effect of change in accounting principle (see Note 11)	-0-	-0-	-0-	(4,260)	-0-	-0-	$ -0-	(4,260)
Net earnings	-0-	-0-	-0-	5,171	-0-	-0-	5,171	5,171
Dividends paid on non-redeemable preferred stock	-0-	-0-	-0-	(217)	-0-	-0-	-0-	(217)
Exercise of stock options	-0-	33	551	-0-	-0-	-0-	-0-	584
Issue shares Employee Stock Purchase Plan	-0-	5	206	-0-	-0-	-0-	-0-	211
Employee and non-employee restricted stock	-0-	-0-	4,621	-0-	-0-	-0-	-0-	4,621
Share-based compensation	-0-	-0-	3,230	-0-	-0-	-0-	-0-	3,230
Restricted shares withheld for taxes	-0-	(19)	(887)	-0-	-0-	-0-	-0-	(906)
Tax benefit of stock options exercised	-0-	-0-	694	-0-	-0-	-0-	-0-	694
Conversion of Series 3 preferred stock	(533)	11	522	-0-	-0-	-0-	-0-	-0-
Conversion of Series 4 preferred stock	(561)	9	552	-0-	-0-	-0-	-0-	-0-
Gain on foreign currency forward contracts (net of tax of	-0-	-0-	-0-	-0-	37	-0-	37	37

$0.0 million)								
Pension liability adjustment (net of tax of $2.7 million)	-0-	-0-	-0-	-0-	4,131	-0-	4,131	4,131
Postretirement liability adjustment (net of tax of $0.4 million)	-0-	-0-	-0-	-0-	644	-0-	644	644
Foreign currency translation adjustment	-0-	-0-	-0-	-0-	505	-0-	505	505
Other	(170)	16	184	-0-	-0-	-0-	-0-	30
Comprehensive income							$ 10,488	
Balance February 2, 2008	5,338	23,285	129,179	302,181	(16,010)	(17,857)		426,116
Net earnings	-0-	-0-	-0-	150,756	-0-	-0-	$ 150,756	150,756
Dividends paid on non-redeemable preferred stock	-0-	-0-	-0-	(198)	-0-	-0-	-0-	(198)
Dividend declared Finish Line stock	-0-	-0-	-0-	(29,075)	-0-	-0-	-0-	(29,075)
Exercise of stock options	-0-	83	1,355	-0-	-0-	-0-	-0-	1,438
Issue shares Employee Stock Purchase Plan	-0-	2	53	-0-	-0-	-0-	-0-	55
Shares repurchased	-0-	(4,000)	(86,903)	-0-	-0-	-0-	-0-	(90,903)
Restricted stock issuance	-0-	416	(416)	-0-	-0-	-0-	-0-	-0-
Employee and non-employee restricted stock	-0-	-0-	6,341	-0-	-0-	-0-	-0-	6,341
Share-based compensation	-0-	-0-	1,690	-0-	-0-	-0-	-0-	1,690
Restricted shares withheld for taxes	-0-	(53)	(1,092)	-0-	-0-	-0-	-0-	(1,145)
Tax benefit of stock options and restricted stock exercised	-0-	-0-	(563)	-0-	-0-	-0-	-0-	(563)
Adjustment of measurement date provision of Retirement	-0-	-0-	-0-	(69)	-0-	-0-	-0-	(69)

Benefit Topic (net of tax of $0.0 million)								
Loss on foreign currency forward contracts (net of tax of $0.2 million)	-0-	-0-	-0-	-0-	(275)	-0-	(275)	(275)
Pension liability adjustment (net of tax benefit of $8.5 million)	-0-	-0-	-0-	-0-	(13,355)	-0-	(13,355)	(13,355)
Postretirement liability adjustment (net of tax of $0.1 million)	-0-	-0-	-0-	-0-	119	-0-	119	119
Foreign currency translation adjustment	-0-	-0-	-0-	-0-	(1,177)	-0-	(1,177)	(1,177)
Other	(135)	(1)	136	-0-	-0-	-0-	-0-	-0-
Comprehensive income							$ 136,068	
Balance January 31, 2009	5,203	19,732	49,780	423,595	(30,698)	(17,857)		449,755
Net earnings	-0-	-0-	-0-	28,813	-0-	-0-	$ 28,813	28,813
Dividends paid on non-redeemable preferred stock	-0-	-0-	-0-	(198)	-0-	-0-	-0-	(198)
Exercise of stock options	-0-	28	372	-0-	-0-	-0-	-0-	400
Issue shares Employee Stock Purchase Plan	-0-	4	95	-0-	-0-	-0-	-0-	99
Employee and non-employee restricted stock	-0-	-0-	6,528	-0-	-0-	-0-	-0-	6,528
Share-based compensation	-0-	-0-	441	-0-	-0-	-0-	-0-	441
Restricted stock issuance	-0-	405	(405)	-0-	-0-	-0-	-0-	-0-
Restricted shares withheld for taxes	-0-	(65)	(1,156)	-0-	-0-	-0-	-0-	(1,221)
Tax expense of stock options and restricted stock exercised	-0-	-0-	(658)	-0-	-0-	-0-	-0-	(658)
	-0-	(85)	(1,942)	-0-	-0-	-0-	-0-	(2,027)

Shares repurchased								
Conversion of 4 1/8% debentures	-0-	4,553	93,933	-0-	-0-	-0-	-0-	98,486
Loss on foreign currency forward contracts (net of tax of $0.1 million)	-0-	-0-	-0-	-0-	(157)	-0-	(157)	(157)
Pension liability adjustment (net of tax of $0.6 million)	-0-	-0-	-0-	-0-	1,151	-0-	1,151	1,151
Postretirement liability adjustment (net of tax of $0.0 million)	-0-	-0-	-0-	-0-	14	-0-	14	14
Foreign currency translation adjustment	-0-	-0-	-0-	-0-	886	-0-	886	886
Other	17	(9)	(7)	-0-	-0-	-0-	-0-	1
Comprehensive income							$ 30,707	
Balance January 30, 2010	**$ 5,220**	**$ 24,563**	**$ 146,981**	**$ 452,210**	**$ (28,804)**	**$ (17,857)**		**$ 582,313**

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

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies

Nature of Operations

The Company s businesses include the design or sourcing, marketing and distribution of footwear, principally under the *Johnston & Murphy* and *Dockers* brands and the operation at January 30, 2010 of 2,276 *Journeys, Journeys Kidz, Shi by Journeys, Johnston & Murphy, Underground Station, Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection, Lids Locker Room* and *Sports Fan-Attic* retail footwear, headwear and licensed sports apparel and accessory stores. In November 2008, the Company acquired Impact Sports and in September 2009, the Company acquired Great Plains Sports, both dealers of branded athletic and team products for college and high school teams, as part of the Hat World Group. In November 2009, the Company acquired Sports Fan-Attic, a retailer of licensed sports headwear, apparel, accessories and novelties, with 37 stores, as part of the Hat World Group.

Principles of Consolidation

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

Fiscal Year

The Company s fiscal year ends on the Saturday closest to January 31. As a result, Fiscal 2010 was a 52-week year with 364 days, Fiscal 2009 was a 52-week year with 364 days and Fiscal 2008 was a 52-week year with 364 days. Fiscal 2010 ended on January 30, 2010, Fiscal 2009 ended on January 31, 2009 and Fiscal 2008 ended on February 2, 2008.

Financial Statement Reclassifications

Certain reclassifications have been made to conform prior years data to the current year presentation. In the Fiscal 2009 and 2008 Consolidated Statements of Operations, bank fees totaling approximately $3.6 million and $3.3 million, respectively, were reclassified from interest expense to selling, general and administrative expenses.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

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Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

Significant areas requiring management estimates or judgments include the following key financial areas:

Inventory Valuation

The Company values its inventories at the lower of cost or market.

In its wholesale operations, cost is determined using the first-in, first-out (FIFO) method. Market is determined using a system of analysis which evaluates inventory at the stock number level based on factors such as inventory turn, average selling price, inventory level, and selling prices reflected in future orders. The Company provides reserves when the inventory has not been marked down to market based on current selling prices or when the inventory is not turning and is not expected to turn at levels satisfactory to the Company.

In its retail operations, other than the Hat World segment, the Company employs the retail inventory method, applying average cost-to-retail ratios to the retail value of inventories. Under the retail inventory method, valuing inventory at the lower of cost or market is achieved as markdowns are taken or accrued as a reduction of the retail value of inventories.

Inherent in the retail inventory method are subjective judgments and estimates, including merchandise mark-on, markups, markdowns, and shrinkage. These judgments and estimates, coupled with the fact that the retail inventory method is an averaging process, could produce a range of cost figures. To reduce the risk of inaccuracy and to ensure consistent presentation, the Company employs the retail inventory method in multiple subclasses of inventory with similar gross margins, and analyzes markdown requirements at the stock number level based on factors such as inventory turn, average selling price, and inventory age. In addition, the Company accrues markdowns as necessary. These additional markdown accruals reflect all of the above factors as well as current agreements to return products to vendors and vendor agreements to provide markdown support. In addition to markdown provisions, the Company maintains provisions for shrinkage and damaged goods based on historical rates.

The Hat World segment employs the moving average cost method for valuing inventories and applies freight using an allocation method. The Company provides a valuation allowance for slow-moving inventory based on negative margins and estimated shrink based on historical experience and specific analysis, where appropriate.

Inherent in the analysis of both wholesale and retail inventory valuation are subjective judgments about current market conditions, fashion trends, and overall economic conditions. Failure to make appropriate conclusions regarding these factors may result in an overstatement or understatement of inventory value.

Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

Impairment of Long-Lived 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 the carrying amount. Inherent in the analysis of impairment are subjective judgments about future cash flows. Failure to make appropriate conclusions regarding these judgments may result in an overstatement or understatement of the value of long-lived assets. See also Notes 5 and 7.

The goodwill impairment test involves a two-step process. The first step is a comparison of the fair value and carrying value of the reporting unit with which the goodwill is associated. The Company estimates fair value using the best information available, and computes the fair value by an equal weighting of the results arrived by a market approach and an income approach utilizing discounted cash flow projections. The income approach uses a projection of a business unit s estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. The projection uses management s best estimates of economic and market conditions over the projected period including growth rates in sales, costs, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, future estimates of capital expenditures and changes in future working capital requirements.

If the carrying value of the reporting unit is higher than its fair value, there is an indication that impairment may exist and the second step must be performed to measure the amount of impairment loss. The amount of impairment is determined by comparing the implied fair value of reporting unit goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, the Company would allocate the fair value to all of the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, the Company would record an impairment charge for the difference.

A key assumption in the Company s fair value estimate is the weighted average cost of capital utilized for discounting its cash flow projections in its income approach. The Company believes the rate it used in its annual test was consistent with the risks inherent in its business and with industry discount rates.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

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 15. The Company has made pretax accruals for certain of these contingencies, including approximately $0.8 million reflected in Fiscal 2010, $9.4 million reflected in Fiscal 2009 and $2.9 million reflected in Fiscal 2008. These charges are included in provision for discontinued operations, net in the Consolidated Statements of Operations (see Note 5). The Company monitors these matters on an ongoing basis and, on a quarterly basis, 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 best estimate of probable loss connected to the proceeding, or in cases in which no best estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. However, because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves will 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.

Revenue Recognition

Retail sales are recorded at the point of sale and are net of estimated returns and exclude sales taxes. Catalog and internet sales are recorded at time of delivery to the customer and are net of estimated returns and exclude sales taxes. Wholesale revenue is recorded net of estimated returns and allowances for markdowns, damages and miscellaneous claims when the related goods have been shipped and legal title has passed to the customer. Shipping and handling costs charged to customers are included in net sales. Estimated returns are based on historical returns and claims. Actual amounts of markdowns have not differed materially from estimates. Actual returns and claims in any future period may differ from historical experience.

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Note 1
Summary of Significant Accounting Policies, Continued

Income Taxes

As part of the process of preparing Consolidated Financial Statements, the Company is required to estimate its income taxes in each of the tax jurisdictions in which it operates. This process involves estimating actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within the Consolidated Balance Sheets. The Company then assesses the likelihood that its deferred tax assets will be recovered from future taxable income. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. To the extent the Company believes that recovery of an asset is at risk, valuation allowances are established. To the extent valuation allowances are established or increased in a period, the Company includes an expense within the tax provision in the Consolidated Statements of Operations.

Income tax reserves are determined using the methodology required by the Income Tax Topic of the FASB Accounting Standards Codification. This methodology was adopted by the Company as of February 4, 2007, and requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company s determinations and estimates prove to be inaccurate, the resulting adjustments could be material to its future financial results.

Postretirement Benefits Plan Accounting

Full-time employees who had 1,000 hours of service in calendar year 2004, except employees in the Hat World Segment, are covered by a defined benefit pension plan. The Company froze the defined benefit pension plan effective January 1, 2005. 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.

Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

As required by the Compensation Retirement Benefits Topic of the FASB Accounting Standards Codification, the Company is required to recognize the overfunded or underfunded status of postretirement benefit plans as an asset or liability in their Consolidated Balance Sheets and to recognize changes in that funded status in accumulated other comprehensive loss, net of tax, in the year in which the changes occur. The Company is required to measure the funded status of a plan as of the date of its fiscal year end. The Company adopted the measurement date change as of January 31, 2009. The Company was required to change the measurement date for its defined benefit pension plan and postretirement benefit plan from December 31 to January 31 (end of fiscal year). As a result of this change, pension expense and actuarial gains/losses for the one-month period ended January 31, 2009 were recognized as adjustments to retained earnings and accumulated other comprehensive loss, respectively. The after-tax charge to retained earnings was $0.1 million. The adoption of the measurement date provision had no effect on the Company s Consolidated Statements of Operations for Fiscal 2009 or any prior period presented.

The Company accounts for the defined benefit pension plans using the Compensation-Retirement Benefits Topic of the FASB Accounting Standards Codification. As permitted under this topic, pension expense is recognized on an accrual basis over employees approximate service periods. The calculation of pension expense and the corresponding liability requires the use of a number of critical assumptions, including the expected long-term rate of return on plan assets and the assumed discount rate, as well as the recognition of actuarial gains and losses. Changes in these assumptions can result in different expense and liability amounts, and future actual experience can differ from these assumptions.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Share-Based Compensation

The Company has share-based compensation plans covering certain members of management and non-employee directors. The Company recognizes compensation expense for share-based payments based on the fair value of the awards as required by the Compensation Stock Compensation Topic of the FASB Accounting Standards Codification. For Fiscal 2010, 2009 and 2008, share-based compensation expense was $0.5 million, $1.7 million and $3.2 million, respectively. For Fiscal 2010, 2009 and 2008, restricted stock expense was $6.5 million, $6.3 million and $4.6 million, respectively. The benefits of tax deductions in excess of recognized compensation expense are reported as a financing cash flow.

The Company estimates the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense, including expected stock price volatility. The Company bases expected volatility on historical stock prices for a period that is commensurate with the expected term estimate. The Company bases the risk free rate on an interest rate for a bond with a maturity commensurate with the expected term estimate. The Company estimates the expected term of stock options using historical exercise and employee termination experience. The Company does not currently pay a dividend on common stock. The fair value of employee restricted stock is determined based on the closing price of the Company s stock on the date of the grant.

In addition to the key assumptions used in the Black-Scholes model, the estimated forfeiture rate at the time of valuation (which is based on historical experience for similar options) is a critical assumption, as it reduces expense ratably over the vesting period. Share-based compensation expense is recorded based on a 2% expected forfeiture rate and is adjusted annually for actual forfeitures. The Company reviews the expected forfeiture rate annually to determine if that percent is still reasonable based on historical experience. The Company believes its estimates are reasonable in the context of actual (historical) experience.

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Note 1
Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Included in cash and cash equivalents at January 30, 2010 and January 31, 2009 are cash equivalents of $62.7 million and $0.1 million, respectively. Cash equivalents are highly-liquid financial instruments having an original maturity of three months or less. The Company s $62.7 million of cash equivalents was invested in a U.S. government money market fund which invests exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. Uninsured cash balances were $6.3 million as of January 30, 2010. The majority of payments due from banks for customer credit card transactions process within 24 48 hours and are accordingly classified as cash and cash equivalents.

At January 30, 2010 and January 31, 2009 outstanding checks drawn on zero-balance accounts at certain domestic banks exceeded book cash balances at those banks by approximately $31.9 million and $28.8 million, respectively. These amounts are included in accounts payable.

Concentration of Credit Risk and Allowances on Accounts Receivable

The Company s footwear wholesale businesses sell primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Customer credit risk is affected by conditions or occurrences within the economy and the retail industry as well as by customer specific factors. One customer accounted for 20% of the Company s trade receivables balance and no other customer accounted for more than 10% of the Company s trade receivables balance as of January 30, 2010.

The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information, as well as customer specific factors. The Company also establishes allowances for sales returns, customer deductions and co-op advertising based on specific circumstances, historical trends and projected probable outcomes.

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Note 1
Summary of Significant Accounting Policies, Continued

Property and Equipment

Property and equipment 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 the following estimated useful lives:

Buildings and building equipment	20-45 years
Computer hardware, software and equipment	3-10 years
Furniture and fixtures	10 years

Leases

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 and the charge to earnings is included in selling and administrative expenses in the Consolidated Statements of Operations.

Certain leases include rent increases during the initial lease term. For these leases, the Company recognizes the related rental expense on a straight-line basis over the term of the lease (which includes any rent holidays and the pre-opening period of construction, renovation, fixturing and merchandise placement) and records the difference between the amounts charged to operations and amounts paid as deferred rent.

The Company occasionally receives reimbursements from landlords to be used towards construction of the store the Company intends to lease. Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are amortized as a reduction of rent expense over the initial lease term.

Goodwill and Other Intangibles

Under the provisions of the Intangibles Goodwill and Other Topic of the FASB Accounting Standards Codification, goodwill and intangible assets with indefinite lives are not amortized, but are tested at least annually, during the fourth quarter, for impairment. The Company will update the tests between annual tests if events or circumstances occur that would more likely than not reduce the fair value of the business unit with which the goodwill is associated below its carrying amount. It is also required that intangible assets with finite lives be amortized over their respective lives to their estimated residual values, and reviewed for impairment in accordance with the Property, Plant and Equipment Topic of the FASB Accounting Standards Codification.

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Note 1
Summary of Significant Accounting Policies, Continued

Intangible assets of the Company with indefinite lives are primarily goodwill and identifiable trademarks acquired in connection with the acquisition of Hat World Corporation in April 2004, Hat Shack, Inc. in January 2007, Impact Sports in November 2008, Great Plains Sports in September 2009 and Sports Fan-Attic in November 2009. The Consolidated Balance Sheets include goodwill for the Hat World Group of $119.0 million at January 30, 2010 and $111.7 million at January 31, 2009, respectively. The Company tests for impairment of intangible assets with an indefinite life, at a minimum on an annual basis, relying on a number of factors including operating results, business plans, projected future cash flows and observable market data. The impairment test for identifiable assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying amount. The Company has not had an impairment charge for intangible assets.

Identifiable intangible assets of the Company with finite lives are primarily in-place leases and customer lists. They are subject to amortization based upon their estimated useful lives. Finite-lived intangible assets are evaluated for impairment using a process similar to that used to evaluate other definite-lived long-lived assets, a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset.

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company s financial instruments at January 30, 2010 and January 31, 2009 are:

Fair Values

In thousands		**January 30, 2010**		January 31, 2009
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Fixed Rate Long-term Debt	**$ -0-**	**$ -0-**	$ 86,220	$ 77,518
Revolver Borrowings	**-0-**	**-0-**	32,300	29,186

Carrying amounts reported on the Consolidated Balance Sheets for cash, cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturity of these instruments.

The fair value of the Company s long-term debt in Fiscal 2009 was based on a valuation using the Discounted Cash Flow method.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Cost of Sales

For the Company s retail operations, the cost of sales includes actual product cost, the cost of transportation to the Company s warehouses from suppliers and the cost of transportation from the Company s warehouses to the stores. Additionally, the cost of its distribution facilities allocated to its retail operations is included in cost of sales.

For the Company s wholesale operations, the cost of sales includes the actual product cost and the cost of transportation to the Company s warehouses from suppliers.

Selling and Administrative Expenses

Selling and administrative expenses include all operating costs of the Company excluding (i) those related to the transportation of products from the supplier to the warehouse, (ii) for its retail operations, those related to the transportation of products from the warehouse to the store and (iii) costs of its distribution facilities which are allocated to its retail operations. Wholesale and unallocated retail costs of distribution are included in selling and administrative expenses in the amounts of $4.8 million, $4.2 million and $3.8 million for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

Gift Cards

The Company has a gift card program that began in calendar 1999 for its Hat World operations and calendar 2000 for its footwear operations. The gift cards issued to date do not expire. As such, the Company recognizes income when: (i) the gift card is redeemed by the customer; or (ii) the likelihood of the gift card being redeemed by the customer for the purchase of goods in the future is remote and there are no related escheat laws (referred to as breakage). The gift card breakage rate is based upon historical redemption patterns and income is recognized for unredeemed gift cards in proportion to those historical redemption patterns.

Gift card breakage is recognized in revenues each period. Gift card breakage recognized as revenue was $0.7 million, $0.5 million and $0.3 million for Fiscal 2010, 2009 and 2008, respectively. The Consolidated Balance Sheets include an accrued liability for gift cards of $7.9 million and $7.5 million at January 30, 2010 and January 31, 2009, respectively.

Buying, Merchandising and Occupancy Costs

The Company records buying, merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company s gross margin may not be comparable to other retailers that include these costs in the calculation of gross margin.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Shipping and Handling Costs

Shipping and handling costs related to inventory purchased from suppliers are included in the cost of inventory and are charged to cost of sales in the period that the inventory is sold. All other shipping and handling costs are charged to cost of sales in the period incurred except for wholesale and unallocated retail costs of distribution, which are included in selling and administrative expenses.

Preopening Costs

Costs associated with the opening of new stores are expensed as incurred, and are included in selling and administrative expenses on the accompanying Consolidated Statements of Operations.

Store Closings and Exit Costs

From time to time, the Company makes strategic decisions to close stores or exit locations or activities. If stores or operating activities to be closed or exited constitute components, as defined by the Property, Plant and Equipment Topic of the FASB Accounting Standards Codification, and will not result in a migration of customers and cash flows, these closures will be considered discontinued operations when the related assets meet the criteria to be classified as held for sale, or at the cease-use date, whichever occurs first. The results of operations of discontinued operations are presented retroactively, net of tax, as a separate component on the Consolidated Statements of Operations, if material individually or cumulatively. To date, no store closings meeting the discontinued operations criteria have been material individually or cumulatively.

Assets related to planned store closures or other exit activities are reflected as assets held for sale and recorded at the lower of carrying value or fair value less costs to sell when the required criteria, as defined by the Property, Plant and Equipment Topic of the FASB Accounting Standards Codification, are satisfied. Depreciation ceases on the date that the held for sale criteria are met.

Assets related to planned store closures or other exit activities that do not meet the criteria to be classified as held for sale are evaluated for impairment in accordance with the Company s normal impairment policy, but with consideration given to revised estimates of future cash flows. In any event, the remaining depreciable useful lives are evaluated and adjusted as necessary.

Exit costs related to anticipated lease termination costs, severance benefits and other expected charges are accrued for and recognized in accordance with the Exit or Disposal Cost Obligations Topic of the FASB Accounting Standards Codification.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 1
Summary of Significant Accounting Policies, Continued

Advertising Costs

Advertising costs are predominantly expensed as incurred. Advertising costs were $33.8 million, $34.8 million and $33.7 million for Fiscal 2010, 2009 and 2008, respectively. Direct response advertising costs for catalogs are capitalized in accordance with the Other Assets and Deferred Costs Topic for Capitalized Advertising Costs of the FASB Accounting Standards Codification. Such costs are amortized over the estimated future revenues realized from such advertising, not to exceed six months. The Consolidated Balance Sheets include prepaid assets for direct response advertising costs of $1.3 million and $1.2 million at January 30, 2010 and January 31, 2009, respectively.

Consideration to Resellers

The Company does not have any written buy-down programs with retailers, but the Company has provided certain retailers with markdown allowances for obsolete and slow moving products that are in the retailer s inventory. The Company estimates these allowances and provides for them as reductions to revenues at the time revenues are recorded. Markdowns are negotiated with retailers and changes are made to the estimates as agreements are reached. Actual amounts for markdowns have not differed materially from estimates.

Cooperative Advertising

Cooperative advertising funds are made available to all of the Company s wholesale customers. In order for retailers to receive reimbursement under such programs, the retailer must meet specified advertising guidelines and provide appropriate documentation of expenses to be reimbursed. The Company s cooperative advertising agreements require that wholesale customers present documentation or other evidence of specific advertisements or display materials used for the Company s products by submitting the actual print advertisements presented in catalogs, newspaper inserts or other advertising circulars, or by permitting physical inspection of displays. Additionally, the Company s cooperative advertising agreements require that the amount of reimbursement requested for such advertising or materials be supported by invoices or other evidence of the actual costs incurred by the retailer. The Company accounts for these cooperative advertising costs as selling and administrative expenses, in accordance with the Revenue Recognition Topic for Customer Payments and Incentives of the FASB Accounting Standards Codification.

Cooperative advertising costs recognized in selling and administrative expenses were $2.8 million, $2.6 million and $3.3 million for Fiscal 2010, 2009 and 2008, respectively. During Fiscal 2010, 2009 and 2008, the Company s cooperative advertising reimbursements paid did not exceed the fair value of the benefits received under those agreements.

Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

Vendor Allowances

From time to time, the Company negotiates allowances from its vendors for markdowns taken or expected to be taken. These markdowns are typically negotiated on specific merchandise and for specific amounts. These specific allowances are recognized as a reduction in cost of sales in the period in which the markdowns are taken. Markdown allowances not attached to specific inventory on hand or already sold are applied to concurrent or future purchases from each respective vendor.

The Company receives support from some of its vendors in the form of reimbursements for cooperative advertising and catalog costs for the launch and promotion of certain products. The reimbursements are agreed upon with vendors and represent specific, incremental, identifiable costs incurred by the Company in selling the vendor s specific products. Such costs and the related reimbursements are accumulated and monitored on an individual vendor basis, pursuant to the respective cooperative advertising agreements with vendors. Such cooperative advertising reimbursements are recorded as a reduction of selling and administrative expenses in the same period in which the associated expense is incurred. If the amount of cash consideration received exceeds the costs being reimbursed, such excess amount would be recorded as a reduction of cost of sales.

Vendor reimbursements of cooperative advertising costs recognized as a reduction of selling and administrative expenses were \$3.6 million, \$4.0 million and \$4.3 million for Fiscal 2010, 2009 and 2008, respectively. During Fiscal 2010, 2009 and 2008, the Company s cooperative advertising reimbursements received were not in excess of the costs incurred.

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.

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 13).

Genesco Inc.
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Note 1
Summary of Significant Accounting Policies, Continued

Other Comprehensive Income
The Comprehensive Income Topic of the FASB Accounting Standards Codification requires, among other things, the Company s pension liability adjustment, postretirement liability adjustment, unrealized gains or losses on foreign currency forward contracts and foreign currency translation adjustments to be included in other comprehensive income net of tax. Accumulated other comprehensive loss at January 30, 2010 consisted of $28.9 million of cumulative pension liability adjustments, net of tax, a cumulative net loss of $0.2 million on foreign currency forward contracts, net of tax, offset by a foreign currency translation adjustment of $0.3 million.

Business Segments
The Segment Reporting Topic of the FASB Accounting Standards Codification, requires that companies disclose operating segments based on the way management disaggregates the Company s operations for making internal operating decisions (see Note 16).

Derivative Instruments and Hedging Activities
The Derivatives and Hedging Topic of the FASB Accounting Standards Codification 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 are recorded each period in current earnings or in other comprehensive income depending on the intended use of the derivative and the resulting designation. The Company has entered into a small amount of foreign currency forward exchange contracts in order to reduce exposure to foreign currency exchange rate fluctuations in connection with inventory purchase commitments for its Johnston & Murphy Group. Derivative instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged. The settlement terms of the forward contracts correspond with the expected payment terms for the merchandise inventories. As a result, there is no hedge ineffectiveness to be reflected in earnings.

The notional amount of such contracts outstanding at January 30, 2010 was $0.6 million. There were no contracts outstanding at January 31, 2009. Forward exchange contracts have an average remaining term of approximately six months. The loss based on spot rates under these contracts at January 30, 2010 was less than $0.1 million. For the year ended January 30, 2010, the Company recorded an unrealized loss on foreign currency forward contracts of $0.3 million in accumulated other comprehensive loss, before taxes. The Company monitors the credit quality of the major national and regional financial institutions with which it enters into such contracts.

The Company estimates that the majority of net hedging losses related to forward exchange contracts will be reclassified from accumulated other comprehensive loss into earnings through higher cost of sales over the succeeding year.

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Note 1
Summary of Significant Accounting Policies, Continued

New Accounting Principles

In June 2009, the FASB established the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Company adopted the Codification effective for its third quarter ended October 31, 2009, and accordingly, all subsequent public filings will reference the Codification as the sole source of authoritative literature.

In December 2008, the FASB updated the Compensation Retirement Benefits Topic of the Codification to require more detailed disclosures about the assets of a defined benefit pension or other postretirement plan and is effective for fiscal years ending after December 15, 2009 (Fiscal 2010 for the Company). The Company adopted this updated guidance as of January 30, 2010 and it did not have a significant impact on its results of operations or financial position (see Note 12).

Note 2
Change in Method of Accounting for Convertible Subordinated Debentures

In May 2008, the FASB updated the Debt Topic, specifically Debt with Conversion and Other Options, of the Codification to require the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer s nonconvertible debt borrowing rate. The Company adopted this update to the Codification as of February 1, 2009. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar debt instrument without the conversion feature, and the difference between the proceeds for the convertible debt and the amount reflected as a debt liability is then recorded as additional paid-in capital. As a result, the debt is effectively recorded at a discount reflecting its below market coupon interest rate. The debt is subsequently accreted to its par value over its expected life, with the rate of interest that reflects the market rate at issuance being reflected in the Consolidated Statements of Operations.

Upon adoption, the Company measured the fair value of the Company s $86.2 million 4 1/8% Convertible Subordinated Debentures issued in June 2003, using an interest rate that the Company could have obtained at the date of issuance for similar debt instruments. Based on this analysis, the Company determined that the fair value of the debentures was approximately $66.6 million as of the issuance date, a reduction of approximately $19.6 million in the carrying value of the debentures, of which $11.5 million was recorded as additional paid-in capital, $7.4 million was recorded as a deferred tax liability and $0.7 million as a reduction to deferred note expense.

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Notes to Consolidated Financial Statements

Note 2
Change in Method of Accounting for Convertible Subordinated Debentures, Continued

In accordance with this update to the Codification, the Company is required to allocate a portion of the $2.9 million of debt issuance costs that were directly related to the issuance of the debentures between a liability component and an equity component as of the issuance date. Based on this analysis, the Company reclassified approximately $0.7 million from deferred note expense as discussed above.

The retroactive application of this update to the Codification resulted in the recognition of additional pretax non-cash interest expense for Fiscal 2009 and Fiscal 2008 of $3.1 million and $2.8 million, respectively and a change to February 3, 2007 retained earnings balance of $5.1 million.

The following table sets forth the effect of the retrospective application of this update to the Codification on certain previously reported line items:

	Twelve Months Ended January 31, 2009			Twelve Months Ended February 2, 2008		
In thousands	**As Previously Reported**	**Adjustment**	**As Adjusted**	**As Previously Reported**	**Adjustment**	**As Adjusted**
Consolidated Statement of Operations:						
Interest expense*	$ 6,166	$ 3,068	$ 9,234	$ 9,230	$ 2,815	$ 12,045
Income taxes	95,683	(1,188)	94,495	24,247	(1,101)	23,146
Net earnings	152,636	(1,880)	150,756	6,885	(1,714)	5,171
Diluted earnings per common share:						
Continuing operations	$ 6.72	$ .00	$ 6.72	$ 0.36	$ (0.07)	$ 0.29
Net earnings	$ 6.49	$ .00	$ 6.49	$ 0.29	$ (0.07)	$ 0.22

* Previously reported interest expense for Fiscal 2009 and 2008 was adjusted for bank fees reclassed of $3,566 and $3,340, respectively. See Note 1.

	January 31, 2009		
In thousands	**As Previously Reported**	**Adjustment**	**As Adjusted**
Consolidated Balance Sheets:			
Noncurrent deferred income taxes	$ 7,132	$ (1,830)	$ 5,302
Other noncurrent assets	7,584	(134)	7,450
Total Assets	818,027	(1,964)	816,063
Long-term debt	118,520	(4,785)	113,735
Total Liabilities	371,093	(4,785)	366,308

Additional paid-in capital	38,230	11,550	49,780
Retained earnings	432,324	(8,729)	423,595
Total Shareholders Equity	446,934	2,821	449,755
Total Liabilities and Shareholders Equity	818,027	(1,964)	816,063

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Note 2
Change in Method of Accounting for Convertible Subordinated Debentures, Continued

The amount of interest expense recognized and the effective interest rate for the Company s convertible debentures were as follows:

	Twelve Months Ended		
(In thousands)	**January 30, 2010**	**January 31, 2009**	**February 2, 2008**
Contractual coupon interest	**$ 1,543**	$ 3,557	$ 3,557
Amortization of discount on convertible debentures	**1,465**	3,164	2,911
Interest expense	**$ 3,008**	$ 6,721	$ 6,468
Effective interest rate	**8.5%**	8.5%	8.5%

Note 3
Terminated Merger Agreement

The Company announced in June 2007 that the boards of directors of both Genesco and The Finish Line, Inc. had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash (the Proposed Merger). The Finish Line refused to close the Proposed Merger and litigation ensued. The Proposed Merger and related agreement were terminated in March 2008 in connection with an agreement to settle the litigation with The Finish Line and UBS Loan Finance LLC and UBS Securities LLC (collectively, UBS) for a cash payment of $175.0 million to the Company and a 12% equity stake in The Finish Line, which the Company received in the first quarter of Fiscal 2009. The Company distributed the 12% equity stake, or 6,518,971 shares of Class A Common Stock of The Finish Line, Inc., on June 13, 2008, to its common shareholders of record on May 30, 2008, as required by the settlement agreement. During Fiscal 2009 and 2008, the Company expensed $8.0 million and $27.6 million, respectively, in merger-related litigation costs. The total merger-related litigation costs for Fiscal 2008 of $27.6 million were tax deductible in Fiscal 2009 and resulted in a permanent tax benefit reflected as a component of income tax expense. For additional information, see the Merger-Related Litigation section in Note 15.

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Note 4
Acquisitions and Intangible Assets

Sports Fan-Attic Acquisition

In the fourth quarter of Fiscal 2010, the Company s Hat World subsidiary acquired the assets of Sports Fan-Attic, a retailer of licensed sports headwear, apparel, accessories and novelties, with 37 stores in seven states as of January 30, 2010, for a preliminary purchase price of $13.9 million plus assumed debt of $1.6 million with $4.5 million of that amount withheld until satisfaction of certain closing contingencies. Subsequently, in February 2010, $3.0 million of the $4.5 million was paid. The Company allocated $6.2 million of the purchase price to goodwill. Finite-lived intangibles include $1.4 million for trademarks, a $0.4 million asset and a $1.1 million liability to reflect the adjustment of acquired leases to market and $0.1 million for a non-compete agreement. The weighted average amortization period for the asset to adjust acquired leases to market is 4.7 years. The goodwill related to Sports Fan-Attic is deductible for tax purposes.

Great Plains Sports Acquisition

In the third quarter of Fiscal 2010, the Impact Sports division of Hat World acquired the assets of Great Plains Sports of St. Paul, Minnesota, for a preliminary purchase price of $2.9 million plus assumed debt of $1.1 million with $0.6 million withheld until satisfaction of certain closing contingencies. Great Plains Sports is a dealer of branded athletic and team products for colleges, high schools, corporations and youth organizations and also operates a sporting goods store in St. Paul, Minnesota. The Company allocated $1.1 million of the purchase price to goodwill. Finite-Lived intangibles include $1.5 million for a customer list and $0.1 million for non-compete agreements. The goodwill related to Great Plains Sports is deductible for tax purposes.

Impact Sports Acquisition

In the fourth quarter of Fiscal 2009, Hat World acquired the assets of Impact Sports, a dealer of branded athletic and team products for college and high school teams, for a purchase price of $5.1 million plus assumed debt of $1.3 million funded from borrowings under the Credit Facility. The Company allocated $4.0 million of the purchase price to goodwill. Finite-lived intangibles include $1.0 million for customer relationships and $0.2 million for non-compete agreements. The goodwill related to Impact Sports is deductible for tax purposes.

Other intangibles by major classes were as follows:

	Leases		Customer Lists		Non-Compete Agreements		Total	
(In Thousands)	**Jan. 30, 2010**	Jan. 31, 2009	**Jan. 30, 2010**	Jan. 31, 2009	**Jan. 30, 2010**	Jan. 31, 2009	**Jan. 30, 2010**	Jan. 31, 2009
Gross other intangibles	**9,267**	8,847	**2,790**	1,290	**408**	195	**12,465**	10,332
Accumulated amortization	**(8,074)**	(7,590)	**(461)**	(309)	**(260)**	(57)	**(8,795)**	(7,956)
Net Other Intangibles	**1,193**	1,257	**2,329**	981	**148**	138	**3,670**	2,376

The amortization of intangibles was $0.9 million, $0.8 million and $1.3 million for Fiscal 2010, 2009 and 2008, respectively. The amortization of intangibles will be $1.1 million, $0.9 million, $0.8 million, $0.7 million and $0.6 million for Fiscal 2011, 2012, 2013, 2014 and 2015, respectively.

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Note 5
Restructuring and Other Charges and Discontinued Operations

Restructuring and Other Charges

In accordance with Company policy, assets are determined to be impaired when the revised estimated future cash flows are insufficient to recover the carrying costs. Impairment charges represent the excess of the carrying value over the fair value of those assets.

Asset impairment charges are reflected as a reduction of the net carrying value of property and equipment, and in restructuring and other, net in the accompanying Consolidated Statements of Operations.

The Company recorded a pretax charge to earnings of $13.5 million in Fiscal 2010. The charge reflected in restructuring and other, net included $13.3 million for retail store asset impairments and $0.4 million for lease terminations offset by $0.3 million for other legal matters. Also included in the charge was $0.1 million in excess markdowns related to the lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations.

The Company recorded a total pretax charge to earnings of $7.7 million in Fiscal 2009. The charge reflected in restructuring and other, net included $8.6 million of charges for retail store asset impairments, $1.6 million for lease terminations and $1.1 million for other legal matters, offset by a $3.8 million gain from a lease termination transaction. Also included in the charge was $0.2 million in excess markdowns related to the store lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations.

The Company recorded a total pretax charge to earnings of $10.6 million in Fiscal 2008. The charge reflected in restructuring and other, net included $8.7 million of charges for retail store asset impairments and $1.5 million for lease terminations, offset by $0.5 million in excise tax refunds and an antitrust settlement. Also included in the charge was $0.9 million in excess markdowns related to the lease terminations which is reflected in cost of sales on the Consolidated Statements of Operations.

Genesco Inc.
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Note 5
Restructuring and Other Charges and Discontinued Operations, Continued

Discontinued Operations

For the year ended January 30, 2010, the Company recorded an additional charge to earnings of $0.5 million ($0.3 million net of tax) reflected in discontinued operations, including $0.8 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.3 million gain for excess provisions to prior discontinued operations (see Note 15).

For the year ended January 31, 2009, the Company recorded an additional charge to earnings of $9.0 million ($5.5 million net of tax) reflected in discontinued operations, including $9.4 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.4 million gain for excess provisions to prior discontinued operations (see Note 15).

For the year ended February 2, 2008, the Company recorded an additional charge to earnings of $2.6 million ($1.6 million net of tax) reflected in discontinued operations, including $2.9 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company offset by a $0.3 million gain for excess provisions to prior discontinued operations (see Note 15).

Accrued Provision for Discontinued Operations

In thousands	**Facility Shutdown Costs**
Balance February 2, 2008	$ 7,494
Additional provision Fiscal 2009	9,006
Charges and adjustments, net	(932)
Balance January 31, 2009	15,568
Additional provision Fiscal 2010	452
Charges and adjustments, net	(606)
Balance January 30, 2010*	15,414
Current provision for discontinued operations	9,366
Total Noncurrent Provision for Discontinued Operations	**$ 6,048**

* Includes a $15.9 million environmental provision, including $9.9 million in current provision for discontinued operations.

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Note 6
Inventories

In thousands	January 30, 2010	January 31, 2009
Raw materials	**$ 5,415**	$ 2,059
Wholesale finished goods	**22,383**	44,155
Retail merchandise	**263,176**	259,864
Total Inventories	**$ 290,974**	$ 306,078

Note 7
Fair Value

The Company adopted the Fair Value Measurements and Disclosures Topic of the Codification as of February 3, 2008, with the exception of the application of the topic to non-recurring, nonfinancial assets and liabilities. The adoption did not have a material impact on the Company s results of operations or financial position. This Topic defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. In February 2008, the FASB issued an amendment to the Fair Value Topic, to delay the effective date for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). The Company adopted the amendment as of February 1, 2009.

The Fair Value Measurements and Disclosures Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial asset or liability s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

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Note 7
Fair Value, Continued

The following table presents the Company s assets and liabilities measured at fair value on a nonrecurring basis as of January 30, 2010 aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	Long-Lived Assets Held and Used	Level 1	Level 2	Level 3	Total Losses
Measured as of May 2, 2009	$ 1,114	$	$	$ 1,114	$ 4,467
Measured as of August 1, 2009	$ 1,430	$	$	$ 1,430	$ 3,372
Measured as of October 31, 2009	$ 1,275	$	$	$ 1,275	$ 2,594
Measured as of January 30, 2010	$ 1,227	$	$	$ 1,227	$ 2,879

In accordance with the Property, Plant and Equipment Topic of the Codification, the Company recorded $13.3 million of impairment charges as a result of the fair value measurement of its long-lived assets held and used on a nonrecurring basis during the twelve months ended January 30, 2010. These charges are reflected in restructuring and other, net on the Consolidated Statements of Operations.

The Company used a discounted cash flow model to estimate the fair value of these long-lived assets at January 30, 2010. Discount rate and growth rate assumptions are derived from current economic conditions, expectations of management and projected trends of current operating results. As a result, the Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs that fall within Level 3 of the fair value hierarchy.

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Note 8
Long-Term Debt

In thousands	2010	2009
4 1/8% convertible subordinated debentures due June 2023	**$ -0-**	$ 86,220
Debt discount on 4 1/8% convertible subordinated debentures	**-0-**	(4,785)
Revolver borrowings	**-0-**	32,300
Total long-term debt	**-0-**	113,735
Current portion	**-0-**	-0-
Total Noncurrent Portion of Long-Term Debt*	**$ -0-**	$ 113,735

* The Company adopted the provisions of the FASB s Debt with Conversion and Other Options Sub-Topic of the Codification for its Debentures as of February 1, 2009. The impact of the adoption is discussed in more detail in Note 2.

Long-term debt maturing during each of the next five years ending January is zero for each year.

Credit Facility:

On December 1, 2006, the Company entered into an Amended and Restated Credit Agreement (the Credit Facility) by and among the Company, certain subsidiaries of the Company party thereto, as other borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent. The Credit Facility expires December 1, 2011. The Credit Facility replaced the Company s $105.0 million revolving credit facility.

Deferred financing costs incurred of $1.2 million related to the Credit Facility were capitalized and are being amortized over four years. These costs are included in other non-current assets on the Consolidated Balance Sheets.

The Company did not have any revolver borrowings outstanding under the Credit Facility at January 30, 2010. The Company had outstanding letters of credit of $11.0 million under the facility at January 30, 2010. These letters of credit support product purchases and lease and insurance indemnifications.

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Note 8
Long-Term Debt, Continued

The material terms of the Credit Facility are as follows:

Availability

The Credit Facility is a revolving credit facility in the aggregate principal amount of $200.0 million, with a $20.0 million swingline loan sublimit and a $70.0 million sublimit for the issuance of standby letters of credit, and has a five-year term. Any swingline loans and letters of credit will reduce the availability under the Credit Facility on a dollar-for-dollar basis. In addition, the Company has an option to increase the availability under the Credit Facility by up to $100.0 million (in increments no less than $25.0 million) subject to, among other things, the receipt of commitments for the increased amount. The aggregate amount of the loans made and letters of credit issued under the Restated Credit Agreement shall at no time exceed the lesser of the facility amount ($200.0 million or, if increased at the Company s option, up to $300.0 million) or the Borrowing Base , which generally is based on 85% of eligible inventory plus 85% of eligible accounts receivable less applicable reserves.

Collateral

The loans and other obligations under the Credit Facility are secured by substantially all of the presently owned and hereafter acquired non-real estate assets of the Company and certain subsidiaries of the Company.

Interest and Fees

The Company s borrowings under the Credit Facility bear interest at varying rates that, at the Company s option, can be based on either:

- a base rate generally defined as the sum of the prime rate of Bank of America, N.A. and an applicable margin.
- a LIBO rate generally defined as the sum of LIBOR (as quoted on the British Banking Association Telerate Page 3750) and an applicable margin.

The initial applicable margin for base rate loans was 0.00%, and the initial applicable margin for LIBOR loans was 1.00%. Thereafter, the applicable margin will be subject to adjustment based on Excess Availability for the prior quarter. As of January 30, 2010, the margin for LIBOR loans was 1.00%. The term Excess Availability means, as of any given date, the excess (if any) of the Borrowing Base over the outstanding credit extensions under the Credit Facility.

Interest on the Company s borrowings is payable monthly in arrears for base rate loans and at the end of each interest rate period (but not less often than quarterly) for LIBOR loans.

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Notes to Consolidated Financial Statements

Note 8
Long-Term Debt, Continued

The Company is also required to pay a commitment fee on the difference between committed amounts and the aggregate amount (including the aggregate amount of letters of credit) of the credit extensions outstanding under the Credit Facility, which initially was 0.25% per annum, subject to adjustment in the same manner as the applicable margins for interest rates.

Certain Covenants

The Company is not required to comply with any financial covenants unless Adjusted Excess Availability is less than 10% of the total commitments under the Credit Facility (currently $20.0 million). The term Adjusted Excess Availability means, as of any given date, the excess (if any) of (a) the lesser of the total commitments under the Credit Facility and the Borrowing Base over (b) the outstanding credit extensions under the Credit Facility. If and during such time as Adjusted Excess Availability is less than such amount, the Credit Facility requires the Company to meet a minimum fixed charge coverage ratio (EBITDA less capital expenditures less cash taxes divided by cash interest expense and scheduled payments of principal indebtedness) of 1.00 to 1.00. Because Adjusted Excess Availability exceeded $20.0 million, the Company was not required to comply with this financial covenant at January 30, 2010.

In addition, the Credit Facility contains certain covenants that, among other things, restrict additional indebtedness, liens and encumbrances, loans and investments, acquisitions, dividends and other restricted payments, transactions with affiliates, asset dispositions, mergers and consolidations, prepayments or material amendments of other indebtedness and other matters customarily restricted in such agreements.

Cash Dominion

The Credit Facility also contains cash dominion provisions that apply in the event that the Company s Adjusted Excess Availability fails to meet certain thresholds or there is an event of default under the Credit Facility.

Events of Default

The Credit Facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain other material indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, certain ERISA events, judgments in excess of specified amounts and change in control.

Certain of the lenders under the Credit Facility or their affiliates have provided, and may in the future provide, certain commercial banking, financial advisory, and investment banking services in the ordinary course of business for the Company, its subsidiaries and certain of its affiliates, for which they receive customary fees and commissions.

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Notes to Consolidated Financial Statements

Note 8
Long-Term Debt, Continued

4 1/8% Convertible Subordinated Debentures due 2023:

On June 24, 2003 and June 26, 2003, the Company issued a total of $86.3 million of 4 1/8% Convertible Subordinated Debentures (the Debentures) due June 15, 2023. The Debentures were convertible at the option of the holders into shares of the Company s common stock, par value $1.00 per share: (1) in any quarter in which the price of its common stock issuable upon conversion of a Debenture reached 120% or more of the conversion price ($24.07 or more) for 10 of the last 30 trading days of the immediately preceding fiscal quarter, (2) if specified corporate transactions occurred or (3) if the trading price for the Debentures fell below certain thresholds. Upon conversion, the Company would have the right to deliver, in lieu of its common stock, cash or a combination of cash and shares of its common stock. Subject to the above conditions, each $1,000 principal amount of Debentures was convertible into 49.8462 shares (equivalent to a conversion price of $20.06 per share of common stock) subject to adjustment. There were $30,000 of debentures converted to 1,356 shares of common stock during Fiscal 2008.

On April 29, 2009, the Company entered into separate exchange agreements whereby it acquired and retired $56.4 million in aggregate principal amount ($51.3 million fair value) of its Debentures due June 15, 2023 in exchange for the issuance of 3,066,713 shares of its common stock, which include 2,811,575 shares that were reserved for conversion of the Debentures and 255,138 additional inducement shares, and a cash payment of approximately $0.9 million. The inducement was not deductible for tax purposes. During the fourth quarter of Fiscal 2010, holders of an aggregate of $21.04 million principal amount of its 4 1/8% Convertible Subordinated Debentures were converted to 1,048,764 shares of common stock pursuant to separate conversion agreements which provided for payment of an aggregate of $0.3 million to induce conversion. On November 4, 2009, the Company issued a notice of redemption to the remaining holders of the $8.775 million outstanding 4 1/8% Convertible Subordinated Debentures. As permitted by the Indenture, holders of all except $1,000 in principal amount of the remaining Debentures converted their Debentures to 437,347 shares of common stock prior to the redemption date of December 3, 2009. As a result of the exchange agreements and conversions, the Company recognized a loss on the early retirement of debt of $5.5 million in Fiscal 2010, reflected on the Consolidated Statements of Operations. After the exchanges and conversions there was zero aggregate principal amount of Debentures outstanding.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 8
Long-Term Debt, Continued

The Company paid cash interest on the debentures at an annual rate of 4.125% of the principal amount at issuance, payable on June 15 and December 15 of each year, commencing on December 15, 2003. The Company was required to pay contingent interest (in the amounts set forth in the Debentures) to holders of the Debentures during any six-month period from and including an interest payment date to, but excluding, the next interest payment date, commencing with the six-month period ending December 15, 2008, if the average trading price of the Debentures for the five consecutive trading day measurement period immediately preceding the applicable six-month period equaled 120% or more of the principal amount of the Debentures. This contingency was satisfied during the six-month period ended December 15, 2008. As a result, the Company paid $0.1 million in contingent interest on December 15, 2008. No contingent interest was paid with the June 15, 2009 interest payment.

Deferred financing costs of $2.9 million relating to the issuance were initially capitalized and being amortized over seven years. As a result of adoption of the FASB s Debt with Conversion and Other Options Sub-Topic of the Codification, $0.7 million was reclassified from deferred note expense to additional paid-in capital. Due to the exchanges and conversions, deferred financing costs of $0.3 million were written off and included in loss on early retirement of debt in the Consolidated Statements of Operations.

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Notes to Consolidated Financial Statements

Note 9
Commitments Under Long-Term Leases

Operating Leases

The Company leases its office space and all of its retail store locations and transportation equipment under various noncancelable operating leases. The leases have varying terms and expire at various dates through 2024. The store leases typically have initial terms of between 5 and 10 years. Generally, most of the leases require the Company to pay taxes, insurance, maintenance costs and contingent rentals based on sales. Approximately 2% of the Company s leases contain renewal options.

Rental expense under operating leases of continuing operations was:

In thousands	2010	2009	2008
Minimum rentals	**$159,553**	$156,241	$145,763
Contingent rentals	**4,780**	3,722	4,221
Sublease rentals	**(652)**	(763)	(806)
Total Rental Expense	**$163,681**	$159,200	$149,178

Minimum rental commitments payable in future years are:

Fiscal Years	In Thousands
2011	$ 167,739
2012	156,424
2013	142,148
2014	129,605
2015	116,569
Later years	264,327
Total Minimum Rental Commitments	$ 976,812

For leases that contain predetermined fixed escalations of the minimum rentals, the related rental expense is recognized on a straight-line basis and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments is included in deferred rent and other long-term liabilities on the Consolidated Balance Sheets. The Company occasionally receives reimbursements from landlords to be used towards construction of the store the Company intends to lease. Leasehold improvements are recorded at their gross costs including items reimbursed by landlords. The reimbursements are amortized as a reduction of rent expense over the initial lease term. Tenant allowances of $22.1 million and $24.6 million for Fiscal 2010 and 2009, respectively, and deferred rent of $31.1 million and $29.0 million for Fiscal 2010 and 2009, respectively, are included in deferred rent and other long-term liabilities on the Consolidated Balance Sheets.

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Notes to Consolidated Financial Statements

Note 10
Shareholders Equity

Non-Redeemable Preferred Stock

Class (In order of preference)*	Shares Authorized	Number of Shares 2010	2009	2008	Amounts in Thousands 2010	2009	2008	Common Convertible Ratio	No. of Votes
Subordinated Serial Preferred (Cumulative)									
Aggregate	3,000,000**							N/A	N/A
$2.30 Series 1	64,368	**33,497**	33,538	33,658	**$ 1,340**	$ 1,342	$ 1,346	.83	1
$4.75 Series 3	40,449	**12,326**	12,326	12,326	**1,233**	1,233	1,233	2.11	2
$4.75 Series 4	53,764	**3,579**	3,579	3,579	**358**	358	358	1.52	1
Series 6	800,000	**-0-**	-0-	-0-	**-0-**	-0-	-0-		100
$1.50 Subordinated Cumulative Preferred	5,000,000	**30,067**	30,017	30,017	**902**	900	900		1
		79,469	79,460	79,580	**3,833**	3,833	3,837		
Employees Subordinated Convertible Preferred	5,000,000	**50,350**	50,079	54,825	**1,510**	1,502	1,645	1.00***	1
Stated Value of Issued Shares					**5,343**	5,335	5,482		
Employees Preferred Stock Purchase Accounts					**(123)**	(132)	(144)		
Total Non-Redeemable Preferred Stock					**$ 5,220**	$ 5,203	$ 5,338		

* In order of preference for liquidation and dividends.

** The Company s charter permits the board of directors to issue Subordinated Serial Preferred Stock in as many series,

each with as many shares and such rights and preferences as the board may designate.

*** Also convertible into one share of $1.50 Subordinated Cumulative Preferred Stock.

Preferred Stock Transactions

In thousands	Non-Redeemable Preferred Stock	Non-Redeemable Employees Preferred Stock	Employees Preferred Stock Purchase Accounts	Total Non-Redeemable Preferred Stock
Balance February 3, 2007	$ 5,026	$ 1,750	$ (174)	$ 6,602
Conversion of Series 3	(533)	-0-	-0-	(533)
Conversion of Series 4	(561)	-0-	-0-	(561)
Other	(95)	(105)	30	(170)
Balance February 2, 2008	3,837	1,645	(144)	5,338
Other	(4)	(143)	12	(135)
Balance January 31, 2009	3,833	1,502	(132)	5,203
Other	-0-	8	9	17
Balance January 30, 2010	**$ 3,833**	**$ 1,510**	**$ (123)**	**$ 5,220**

Subordinated Serial Preferred Stock (Cumulative):

Stated and redemption values for Series 1 are $40 per share and for Series 3 and 4 are each $100 per share plus accumulated dividends; liquidation value for Series 1 is $40 per share plus accumulated dividends and for Series 3 and 4 is $100 per share plus accumulated dividends.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Shareholders Equity, Continued

The Company s shareholders rights plan grants to common shareholders the right to purchase, at a specified exercise price, a fraction of a share of subordinated serial preferred stock, Series 6, in the event of an acquisition of, or an announced tender offer for, 15% or more of the Company s outstanding common stock. Upon any such event, each right also entitles the holder (other than the person making such acquisition or tender offer) to purchase, at the exercise price, shares of common stock having a market value of twice the exercise price. In the event the Company is acquired in a transaction in which the Company is not the surviving corporation, each right would entitle its holder to purchase, at the exercise price, shares of the acquiring company having a market value of twice the exercise price. The rights expire in August 2010, are redeemable under certain circumstances for $.01 per right and are subject to exchange for one share of common stock or an equivalent amount of preferred stock at any time after the event which makes the rights exercisable and before a majority of the Company s common stock is acquired.

$1.50 Subordinated Cumulative Preferred Stock:

Stated and liquidation values and redemption price are 88 times the average quarterly per share dividend paid on common stock for the previous eight quarters (if any), but in no event less than $30 per share plus accumulated dividends.

Employees Subordinated Convertible Preferred Stock:

Stated and liquidation values are 88 times the average quarterly per share dividend paid on common stock for the previous eight quarters (if any), but in no event less than $30 per share.

Common Stock:

Common stock-$1 par value. Authorized: 80,000,000 shares; issued: January 30, 2010 24,562,693 shares; January 31, 2009 19,731,979 shares. There were 488,464 shares held in treasury at January 30, 2010 and January 31, 2009. Each outstanding share is entitled to one vote. At January 30, 2010, common shares were reserved as follows: 109,635 shares for conversion of preferred stock; 815,431 shares for the 1996 Stock Incentive Plan; 180,149 shares for the 2005 Stock Incentive Plan; 817,376 shares for the 2009 Stock Incentive Plan; and 322,848 shares for the Genesco Employee Stock Purchase Plan.

For the year ended January 30, 2010, 28,500 shares of common stock were issued for the exercise of stock options at an average weighted market price of $14.04, for a total of $0.4 million; 383,745 shares of common stock were issued as restricted shares as part of the 2009 Equity Incentive Plan; 4,350 shares of common stock were issued for the purchase of shares under the Employee Stock Purchase Plan at an average weighted market price of $22.87, for a total of $0.1 million; 21,204 shares were issued to directors for no consideration; 65,299 shares were withheld for taxes on restricted stock vested in Fiscal 2010; 11,951 shares of restricted stock were forfeited in Fiscal 2010; 4,552,824 shares of common stock were issued in conversions of the Debentures; and 2,341 shares were issued in miscellaneous conversions of Series 1 and Employees Subordinated Convertible Preferred Stock. The 28,500 options exercised were all fixed stock options (see Note 14). In addition, the Company repurchased and retired 85,000 shares of common stock at an average weighted market price of $23.84 for a total of $2.0 million.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Shareholders Equity, Continued

For the year ended January 31, 2009, 82,868 shares of common stock were issued for the exercise of stock options at an average weighted market price of $17.35, for a total of $1.4 million; 397,273 shares of common stock were issued as restricted shares as part of the 2005 Equity Incentive Plan; 1,711 shares of common stock were issued for the purchase of shares under the Employee Stock Purchase Plan at an average weighted market price of $31.81, for a total of $0.1 million; 18,792 shares were issued to directors for no consideration; 52,969 shares were withheld for taxes on restricted stock vested in Fiscal 2009; 5,189 shares of restricted stock were forfeited in Fiscal 2009; and 4,752 shares were issued in miscellaneous conversions of Series 1 and Employees Subordinated Convertible Preferred Stock. The 82,868 options exercised were all fixed stock options (see Note 14). In addition, the Company repurchased and retired 4,000,000 shares of common stock at an average weighted market price of $22.73 for a total of $90.9 million.

For the year ended February 2, 2008, 32,751 shares of common stock were issued for the exercise of stock options at an average weighted market price of $17.83, for a total of $0.6 million; 3,547 shares of common stock were issued as restricted shares as part of the 2005 Equity Incentive Plan; 4,813 shares of common stock were issued for the purchase of shares under the Employee Stock Purchase Plan at an average weighted market price of $43.82, for a total of $0.2 million; 6,761 shares were issued to directors for no consideration; 19,397 shares were withheld for taxes on restricted stock vested in Fiscal 2008; 686 shares of restricted stock were forfeited in Fiscal 2008; and 26,494 shares were issued in miscellaneous conversions of Series 1, Series 3, Series 4, Employees Subordinated Convertible Preferred Stock and Debentures. The 32,751 options exercised were all fixed stock options (see Note 14).

Restrictions on Dividends and Redemptions of Capital Stock:

The Company s charter provides that no dividends may be paid and no shares of capital stock acquired for value if there are dividend or redemption arrearages on any senior or equally ranked stock. Exchanges of subordinated serial preferred stock for common stock or other stock junior to such exchanged stock are permitted.

The Company s Credit Facility prohibits the payment of dividends and other restricted payments unless after such dividend or restricted payment availability under the Credit Facility exceeds $50.0 million or if availability is between $30.0 million and $50.0 million, the Company s fixed charge coverage must be greater than 1.0 to 1.0. The Company s management does not believe its availability under the Credit Facility will fall below $50.0 million during Fiscal 2011.

Dividends declared for Fiscal 2010 for the Company s Subordinated Serial Preferred Stock, $2.30 Series 1, $4.75 Series 3 and $4.75 Series 4, and the Company s $1.50 Subordinated Cumulative Preferred Stock were $198,000 in the aggregate.

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Genesco Inc.
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Notes to Consolidated Financial Statements

Note 10
Shareholders Equity, Continued

Changes in the Shares of the Company s Capital Stock

	Common Stock	Non-Redeemable Preferred Stock	Employees Preferred Stock
Issued at February 3, 2007	23,230,458	92,906	58,328
Exercise of options	32,751	-0-	-0-
Issue restricted stock	3,547	-0-	-0-
Issue shares Employee Stock Purchase Plan	4,813	-0-	-0-
Conversion of Series 3 preferred stock	11,251	(5,334)	-0-
Conversion of Series 4 preferred stock	8,519	(5,605)	-0-
Other	(6,598)	(2,387)	(3,503)
Issued at February 2, 2008	23,284,741	79,580	54,825
Exercise of options	82,868	-0-	-0-
Issue restricted stock	397,273	-0-	-0-
Issue shares Employee Stock Purchase Plan	1,711	-0-	-0-
Shares repurchased	(4,000,000)	-0-	-0-
Other	(34,614)	(120)	(4,746)
Issued at January 31, 2009	19,731,979	79,460	50,079
Exercise of options	28,500	-0-	-0-
Issue restricted stock	404,949	-0-	-0-
Issue shares Employee Stock Purchase Plan	4,350	-0-	-0-
Conversion of 4 1/8% Debentures	4,552,824	-0-	-0-
Shares repurchased	(85,000)	-0-	-0-
Other	(74,909)	9	271
Issued at January 30, 2010	24,562,693	79,469	50,350
Less shares repurchased and held in treasury	488,464	-0-	-0-
Outstanding at January 30, 2010	**24,074,229**	**79,469**	**50,350**

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Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 11
Income Taxes

Income tax expense from continuing operations is comprised of the following:

In thousands	**2010**	2009	2008
Current			
U.S. federal	**$ 14,261**	$ 73,781	$ 30,625
Foreign	**1,680**	1,837	1,351
State	**1,781**	12,228	4,954
Total Current Income Tax Expense	**17,722**	87,846	36,930
Deferred			
U.S. federal	**4,943**	5,429	(11,655)
Foreign	**-0-**	324	(230)
State	**(1,263)**	896	(1,899)
Total Deferred Income Tax Expense (Benefit)	**3,680**	6,649	(13,784)
Total Income Tax Expense Continuing Operations	**$ 21,402**	$ 94,495	$ 23,146

Discontinued operations were recorded net of income tax benefit of approximately ($0.2) million, ($3.5) million and $(1.0) million in Fiscal 2010, 2009 and 2008, respectively.

As a result of the exercise of stock options and vesting of restricted stock during Fiscal 2010, 2009 and 2008, the Company realized an additional income tax (expense) benefit of approximately ($0.7) million, ($0.6) million and $0.7 million, respectively. These tax benefits (expenses) are reflected as an adjustment to either additional paid-in capital or deferred tax asset.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 11
Income Taxes, Continued

Deferred tax assets and liabilities are comprised of the following:

In thousands	January 30, 2010	January 31, 2009
Identified intangibles	$ (20,011)	$ (20,317)
Prepaids	(2,386)	(2,329)
Convertible bonds	(3,011)	(11,879)
Total deferred tax liabilities	(25,408)	(34,525)
Options	2,027	1,972
Deferred rent	10,050	9,768
Pensions	6,434	8,595
Expense accruals	6,606	4,983
Uniform capitalization costs	6,804	4,901
Book over tax depreciation	5,444	7,909
Provisions for discontinued operations and restructurings	6,594	6,413
Inventory valuation	3,471	3,943
Tax net operating loss and credit carryforwards	752	141
Allowances for bad debts and notes	592	517
Deferred compensation and restricted stock	3,580	2,169
Other	3,913	3,599
Deferred tax assets	56,267	54,910
Net Deferred Tax Assets	$ 30,859	$ 20,385

The deferred tax balances have been classified in the Consolidated Balance Sheets as follows:

	2010	2009
Net current asset	$ 17,314	$ 15,083
Net non-current asset	13,545	5,302
Net Deferred Tax Assets	$ 30,859	$ 20,385

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Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 11
Income Taxes, Continued

Reconciliation of the United States federal statutory rate to the Company s effective tax rate from continuing operations is as follows:

	2010	2009	2008
U. S. federal statutory rate of tax	**35.00%**	35.00%	35.00%
State taxes (net of federal tax benefit)	**1.05**	3.47	6.40
Transaction costs		(3.68)	32.66
Bond costs	**4.7**		
Permanent items	**.75**	3.28	2.20
Other	**.89**	(.37)	1.10
Effective Tax Rate	**42.39%**	37.70%	77.36%

The provision for income taxes resulted in an effective tax rate for continuing operations of 42.4% for Fiscal 2010, compared with an effective tax rate of 37.7% for Fiscal 2009. The increase in the effective tax rate for Fiscal 2010 was primarily attributable to the non-deductibility of certain items incurred in connection with the inducement of the conversion of the Debentures for common stock this year and by the deduction last year of prior period merger-related expenses that became deductible upon termination of the Finish Line merger agreement. This was offset by an income tax liability on an increase in value of shares of common stock received in the settlement of litigation with The Finish Line that had no corresponding income in the financial statements. In addition, last year s effective rate was lower due to a $1.2 million reduction in tax liabilities from an agreement reached on a state income tax contingency.

As of January 30, 2010, January 31, 2009 and February 2, 2008, the Company had state net operating loss carryforwards of $0.4 million, $0 and $5.8 million, respectively, which expire in fiscal years 2015 through 2030.

As of January 30, 2010, January 31, 2009 and February 2, 2008, the Company had state tax credits of $0.1 million, $0.1 million and $0, respectively. These credits expire in fiscal year 2024.

As of January 30, 2010, January 31, 2009 and February 2, 2008, the Company had foreign tax credits of $0.4 million, $0.1 million and $0.7 million, respectively. These credits will expire in fiscal year 2020.

Management believes a valuation allowance is not necessary because it is more likely than not that the Company will ultimately utilize the credits and other deferred tax assets based on existing carryback ability and expectations as to future taxable income in the jurisdictions in which it operates.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 11
Income Taxes, Continued

As of January 30, 2010, the Company has not provided for withholding or United States federal income taxes on approximately $4.7 million of accumulated undistributed earnings of its foreign Canadian subsidiary as they are considered by management to be permanently reinvested. If these undistributed earnings were not considered to be permanently reinvested, approximately $1.9 million deferred income taxes would have been provided.

The methodology in the Income Tax Topic of the Codification prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured in order to determine the tax benefit to be recognized in the financial statements.

The Company adopted this methodology as of February 4, 2007. As a result of the adoption, the Company recognized a $4.3 million increase in the liability for unrecognized tax benefits which, as required, was accounted for as a reduction to the February 4, 2007 balance of retained earnings.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits for Fiscal 2010, 2009 and 2008.

In thousands	**2010**	2009	2008
Unrecognized Tax Benefit Beginning of Period	**$ 13,456**	$ 4,899	$ 8,175
Gross Increases (Decreases) Tax Positions in a Prior Period	**4,306**	(214)	(3,370)
Gross Increases Tax Positions in a Current Period	**327**	10,229	414
Settlements	**(445)**	(1,184)	(247)
Lapse of Statutes of Limitations	**(640)**	(274)	(73)
Unrecognized Tax Benefit End of Period	**$ 17,004**	$ 13,456	$4,899

In addition, the following information is required to be provided:

Unrecognized tax benefits were approximately $17.0 million, $13.5 million and $4.9 million as of January 30, 2010, January 31, 2009 and February 2, 2008, respectively. The entire amount of unrecognized tax benefits as of January 30, 2010, January 31, 2009 and February 2, 2008 would impact the annual effective rate if recognized.

The amount of unrecognized tax benefits may change during the next twelve months, but the Company does not believe the change, if any, will be material to the Company s consolidated financial position or results of operations.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 11
Income Taxes, Continued

The Company recognizes interest expense and penalties related to the above unrecognized tax benefits within income tax expense on the Consolidated Statements of Operations. Related to the uncertain tax benefits noted above, the Company accrued interest and penalties of approximately $0.8 million and ($0.1) million, respectively, during Fiscal 2010, $0.2 million and ($0.3), respectively, during Fiscal 2009 and $0.5 million and $4,000, respectively, during Fiscal 2008. The Company recognized a liability for accrued interest and penalities of $2.3 million and $0.4 million, respectively, as of January 30, 2010 and $1.5 million and $0.5 million, respectively, as of January 31, 2009, included in deferred rent and other long-term liabilities on the Consolidated Balance Sheets.

Income tax reserves are determined using the methodology required by the Income Tax Topic of the Codification.

The Company and its subsidiaries file income tax returns in federal and in many state and local jurisdictions as well as foreign jurisdictions. With a few exceptions, the Company s state and local income tax returns for fiscal years 2006 and beyond remain subject to examination. In addition, the Company has subsidiaries in various foreign jurisdictions that have statutes of limitation generally ranging from three to six years. The Company is currently under audit by the Internal Revenue Service for Fiscal 2005 through 2009, and has filed a statute waiver for Fiscal 2005.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12

Defined Benefit Pension Plans and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

The Company sponsored a non-contributory, defined benefit pension plan. As of January 1, 1996, the Company amended the plan to change the pension benefit formula to a cash balance formula from the then existing benefit calculation based upon years of service and final average pay. The benefits accrued under the old formula were frozen as of December 31, 1995. Upon retirement, the participant will receive this accrued benefit payable as an annuity. In addition, the participant will receive as a lump sum (or annuity if desired) the amount credited to the participant s cash balance account under the new formula. Effective January 1, 2005, the Company froze the defined benefit cash balance plan which prevents any new entrants into the plan as of that date as well as affects the amounts credited to the participants accounts as discussed below.

Under the cash balance formula, beginning January 1, 1996, the Company credited each participants account annually with an amount equal to 4% of the participant s compensation plus 4% of the participant s compensation in excess of the Social Security taxable wage base. Beginning December 31, 1996 and annually thereafter, the account balance of each active participant was credited with 7% interest calculated on the sum of the balance as of the beginning of the plan year and 50% of the amounts credited to the account, other than interest, for the plan year. The account balance of each participant who was inactive would be credited with interest at the lesser of 7% or the 30 year Treasury rate. Under the frozen plan, each participants cash balance plan account will be credited annually only with interest at the 30 year Treasury rate, not to exceed 7%, until the participant retires. The amount credited each year will be based on the rate at the end of the prior year.

Other Postretirement Benefit Plans

The Company provides health care benefits for early retirees and life insurance benefits for certain retirees not covered by collective bargaining agreements. Under the health care plan, early retirees are eligible for limited benefits until age 65. Employees who meet certain requirements are eligible for life insurance benefits upon retirement. The Company accrues such benefits during the period in which the employee renders service.

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Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Obligations and Funded Status
Change in Benefit Obligation

	Pension Benefits		Other Benefits	
In thousands	**2010**	2009	**2010**	2009
Benefit obligation at beginning of year	**$ 99,436**	$ 113,990	**$ 3,078**	$ 3,073
Service cost	**250**	250	**120**	134
Interest cost	**6,562**	6,318	**170**	163
Adjustment of measurement date*	**-0-**	(202)	**-0-**	18
Plan amendments	**-0-**	(22)	**-0-**	-0-
Plan participants contributions	**-0-**	-0-	**99**	123
Benefits paid	**(9,319)**	(9,224)	**(267)**	(324)
Actuarial loss or (gain)	**12,842**	(11,674)	**26**	(109)
Benefit Obligation at End of Year	**$ 109,771**	$ 99,436	**$ 3,226**	$ 3,078

Change in Plan Assets

	Pension Benefits		Other Benefits	
In thousands	**2010**	2009	**2010**	2009
Fair value of plan assets at beginning of year	**$ 73,468**	$ 107,418	**$ -0-**	$ -0-
Actual gain (loss) on plan assets	**21,220**	(27,977)	**-0-**	-0-
Adjustment of measurement date*	**-0-**	(749)	**-0-**	-0-
Employer contributions	**4,000**	4,000	**168**	201
Plan participants contributions	**-0-**	-0-	**99**	123
Benefits paid	**(9,319)**	(9,224)	**(267)**	(324)
Fair Value of Plan Assets at End of Year	**$ 89,369**	$ 73,468	**$ -0-**	$ -0-
Funded Status at End of Year	**$ (20,402)**	$ (25,968)	**$ (3,226)**	$ (3,078)

* The Company adopted the measurement date change required by the Compensation-Retirement Benefits Topic of the Codification as of January 31, 2009. This update to the Codification required the Company to

change the measurement date for its defined benefit pension plan and postretirement benefit plan from December 31 to January 31 (end of fiscal year). As a result of this change, pension expense and actuarial gains/losses for the one-month period ended January 31, 2009 were recognized as adjustments to retained earnings and accumulated other comprehensive loss, respectively, net of tax.

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Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Amounts recognized in the Consolidated Balance Sheets consist of:

	Pension Benefits		Other Benefits	
In thousands	**2010**	2009	**2010**	2009
Noncurrent assets	**$ -0-**	$ -0-	**$ -0-**	$ -0-
Current liabilities	**-0-**	-0-	**(278)**	(271)
Noncurrent liabilities	**(20,402)**	(25,968)	**(2,948)**	(2,807)
Net Amount Recognized	**$ (20,402)**	$ (25,968)	**$ (3,226)**	$ (3,078)

Amounts recognized in accumulated other comprehensive income consist of:

	Pension Benefits		Other Benefits	
In thousands	**2010**	2009	**2010**	2009
Prior service cost	**$ 12**	$ 16	**$ -0-**	$ -0-
Net loss	**47,718**	49,494	**41**	65
Total Recognized in Accumulated Other Comprehensive Loss	**$ 47,730**	$ 49,510	**$ 41**	$ 65

Pension Benefits **In thousands**	**January 30, 2010**	January 31, 2009
Projected benefit obligation	**$ 109,771**	$ 99,436
Accumulated benefit obligation	**109,771**	99,436
Fair value of plan assets	**89,369**	73,468

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Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Components of Net Periodic Benefit Cost
Net Periodic Benefit Cost

	Pension Benefits			Other Benefits		
In thousands	**2010**	2009	2008	**2010**	2009	2008
Service cost	**$ 250**	$ 250	$ 250	**$ 120**	$ 134	$ 123
Interest cost	**6,562**	6,318	6,451	**170**	163	159
Expected return on plan assets	**(8,354)**	(8,569)	(8,024)	**-0-**	-0-	-0-
Amortization:						
Prior service cost	**4**	4	8	**-0-**	-0-	-0-
Losses	**1,751**	3,361	4,418	**50**	80	93
Net amortization	**1,755**	3,365	4,426	**50**	80	93
Net Periodic Benefit Cost	**$ 213**	$ 1,364	$ 3,103	**$ 340**	$ 377	$ 375

Reconciliation of Accumulated Other Comprehensive Income

In thousands	Pension Benefits **2010**	Other Benefits **2010**
Net loss (gain)	**$ (24)**	**$ (50)**
Amortization of prior service (cost) credit	**(4)**	**-0-**
Amortization of net actuarial loss	**(1,751)**	**26**
Total Recognized in Other Comprehensive Income	**$ (1,779)**	**$ (24)**
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	**$ (1,566)**	**$ 316**

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $4.5 million and $4,000, respectively. The estimated net loss for the other postretirement benefit plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $0.1 million.

Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Weighted-average assumptions used to determine benefit obligations

	Pension Benefits		Other Benefits	
	2010	2009	**2010**	2009
Discount rate	**5.625%**	6.875%	**5.50%**	6.375%
Rate of compensation increase	**NA**	NA		

For Fiscal 2010 and 2009, the discount rate was based on a yield curve of high quality corporate bonds with cash flows matching the Company s plans expected benefit payments. For Fiscal 2008, the discount rate was based on a hypothetical portfolio of high quality corporate bonds with cash flows matching the Company s plans expected benefit payments.

Weighted-average assumptions used to determine net periodic benefit costs

	Pension Benefits			Other Benefits		
	2010	2009	2008	**2010**	2009	2008
Discount rate	**6.875%**	5.875%	5.75%	**6.375%**	5.875%	5.75%
Expected long-term rate of return on plan assets	**8.25%**	8.25%	8.25%			
Rate of compensation increase	**NA**	NA	NA			

The weighted average discount rate used to measure the benefit obligation for the pension plan decreased from 6.875% to 5.625% from Fiscal 2009 to Fiscal 2010. The decrease in the rate increased the accumulated benefit obligation by $12.3 million and increased the projected benefit obligation by $12.3 million. The weighted average discount rate used to measure the benefit obligation for the pension plan increased from 5.875% to 6.875% from Fiscal 2008 to Fiscal 2009. The increase in the rate decreased the accumulated benefit obligation by $10.0 million and decreased the projected benefit obligation by $10.0 million.

To develop the expected long-term rate of return on assets assumption, the Company considered historical asset returns, the current asset allocation and future expectations. Considering this information, the Company selected an 8.25% long-term rate of return on assets assumption.

Assumed health care cost trend rates at December 31

	2010	2009
Health care cost trend rate assumed for next year	**10%**	9%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5%**	5%
Year that the rate reaches the ultimate trend rate	**2020**	2013

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Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

The effect on disclosed information of one percentage point change in the assumed health care cost trend rate for each future year is shown below.

(In thousands)	1% Increase in Rates	1% Decrease in Rates
Aggregated service and interest cost	$ 45	$ 36
Accumulated postretirement benefit obligation	$ 377	$ 314

Plan Assets

The Company s pension plan weighted average asset allocations as of January 30, 2010 and January 31, 2009, by asset category are as follows:

	Plan Assets	
	January 30, 2010	January 31, 2009
Asset Category		
Equity securities	**63%**	58%
Debt securities	**36%**	41%
Other	**1%**	1%
Total	**100%**	100%

The investment strategy of the trust is to ensure over the long-term an asset pool, that when combined with company contributions, will support benefit obligations to participants, retirees and beneficiaries. Investment management responsibilities of plan assets are delegated to outside investment advisers and overseen by an Investment Committee comprised of members of the Company s senior management that is appointed by the Board of Directors. The Company has an investment policy that provides direction on the implementation of this strategy.

The investment policy establishes a target allocation for each asset class and investment manager. The actual asset allocation versus the established target is reviewed at least quarterly and is maintained within a +/- 5% range of the target asset allocation. Target allocations are 50% domestic equity, 13% international equity, 35% fixed income and 2% cash investments.

All investments are made solely in the interest of the participants and beneficiaries for the exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the expenses related to administering the Trust as determined by the Investment Committee. All assets shall be properly diversified to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

The Committee utilizes an outside investment consultant and a team of investment managers to implement its various investment strategies. Performance of the managers is reviewed quarterly and the investment objectives are consistently evaluated.

At January 30, 2010 and January 31, 2009, there were no Company related assets in the plan.

Generally, quoted market prices are used to value pension plan assets. Equities, some fixed income securities, publicly traded investment funds and U.S. government obligations are valued at the closing price reported on the active market on which the individual security is traded.

The following table presents the pension plan assets by level within the fair value hierarchy as of January 30, 2010.

(In thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Securities:				
Common Stocks	$ 11,008			$ 11,008
Europacific Growth Fund	11,377			11,377
Davis New York Venture Fund	10,851			10,851
Harbor Capital Appreciation Fund	10,646			10,646
Harbor Small Cap Growth Fund	6,378			6,378
Veracity Small Cap Value Fund	6,299			6,299
Debt Securities:				
Pimco Long Duration				
Total Return Fund	24,083			24,083
Pimco Total Return Fund	8,135			8,135
Other:				
Cash Equivalents	611			611
Other (includes receivables and payables)	(19)			(19)
Total Pension Plan Assets	$ **89,369**			**$ 89,369**

Cash Flows

Return of Assets

There was no return of assets from the plan to the Company in 2009 and no plan assets are projected to be returned to the Company in 2010.

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Note 12
Defined Benefit Pension Plans and Other Postretirement Benefit Plans, Continued

Contributions

There was no ERISA cash requirement for the plan in 2009 and none is projected to be required in 2010. However, the Company s current cash policy is to fund the cost of benefits accruing each year (the normal cost) plus an amortization of the unfunded accrued liability. The Company made a $4.0 million contribution in February 2010.

Estimated Future Benefit Payments

Expected benefit payments from the trust, including future service and pay, are as follows:

Estimated future payments	Pension Benefits ($ in millions)	Other benefits ($ in millions)
2010	$ 8.5	$ 0.3
2011	8.6	0.3
2012	8.4	0.3
2013	8.4	0.2
2014	8.4	0.2
2015 2019	40.2	1.1

Section 401(k) Savings Plan

The Company has a Section 401(k) Savings Plan available to employees who have completed one full year of service and are age 21 or older.

Concurrent with the January 1, 1996 amendment to the pension plan (discussed previously), the Company amended the 401(k) savings plan to make matching contributions equal to 50% of each employee s contribution of up to 5% of salary. Concurrent with freezing the defined benefit pension plan effective January 1, 2005, the Company amended the 401(k) savings plan to change the formula for matching contributions. Beginning January 1, 2005, the Company will match 100% of each employee s contribution of up to 3% of salary and 50% of the next 2% of salary. In addition, for those employees hired before December 31, 2004, who were eligible for the Company s cash balance retirement plan before it was frozen, the Company will make an additional contribution of 2 1/2% of salary to each employee s account. Participants are vested immediately in the matching contribution of their accounts. The contribution expense to the Company for the matching program was approximately $3.2 million for Fiscal 2010, $3.1 million for Fiscal 2009 and $3.0 million for Fiscal 2008.

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Note 13
Earnings Per Share

	For the Year Ended January 30, 2010			For the Year Ended January 31, 2009			For the Year Ended February 2, 2008		
(In thousands, except per share amounts)	**Income (Numerator)**	**Shares (Denominator)**	**Per-Share Amount**	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Earnings from continuing operations	**$ 29,086**			$ 156,219			$ 6,774		
Less: Preferred stock dividends	**(198)**			(198)			(217)		
Basic EPS									
Income available to common shareholders	**28,888**	**21,471**	**$ 1.35**	156,021	19,235	$ 8.11	6,557	22,441	$ 0.29
Effect of Dilutive Securities									
Options		**210**			267			486	
Convertible preferred stock(1)	**-0-**	**-0-**		153	59		-0-	-0-	
4 1/8% Convertible Subordinated Debentures(2)	**1,911**	**1,768**		4,393	4,298		-0-	-0-	
Employees preferred stock(3)		**51**			52			57	
Diluted EPS									
Income available to common shareholders plus assumed conversions	**$ 30,799**	**23,500**	**$ 1.31**	$ 160,567	23,911	$ 6.72	$ 6,557	22,984	$ 0.29

(1) 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 Series 4 for Fiscal 2010 and Fiscal 2008, Series 3 for Fiscal 2010 and Fiscal 2008 and Series 1 for Fiscal 2010 and Fiscal 2008. Therefore, conversion of Series 4, Series 3 and Series 1 convertible preferred stock is not reflected in diluted earnings per share for Fiscal 2010 and Fiscal 2008, because it would have been antidilutive. The amount of the dividend on Series 4, Series 3 and Series 1 convertible preferred stock per common share obtainable on conversion of the convertible preferred stock was less than basic earnings per share for Fiscal 2009. Therefore, conversion of Series 4,

Series 3 and Series 1 preferred shares were included in diluted earnings per share for Fiscal 2009. The shares convertible to common stock for Series 1, 3 and 4 preferred stock would have been 27,913 and 25,949 and 5,423, respectively, as of January 30, 2010.

(2) The amount of the interest on the convertible subordinated debentures for Fiscal 2008 per common share obtainable on conversion is higher than basic earnings per share, therefore the convertible debentures are not reflected in diluted earnings per share for Fiscal 2008 because it was antidilutive.

(3) 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.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 13
Earnings Per Share, Continued

Options to purchase 12,000 shares of common stock at $32.65 per share, 12,000 shares of common stock at $23.97 per share, 60,752 shares of common stock at $23.54 per share, 325,982 shares of common stock at $24.90 per share, 71,428 shares of common stock at $36.40 per share, 1,945 shares of common stock at $40.05 per share, 103,474 shares of common stock at $38.14 per share, 951 shares of common stock at $37.41 per share and 2,351 shares of common stock at $42.82 per share were outstanding at the end of Fiscal 2010 but were not included in the computation of diluted earnings per share because the options exercise prices were greater than the average market price of the common shares.

Options to purchase 16,000 shares of common stock at $32.65 per share, 334,250 shares of common stock at $24.90 per share, 74,823 shares of common stock at $36.40 per share, 1,945 shares of common stock at $40.05 per share, 107,490 shares of common stock at $38.14 per share, 951 shares of common stock at $37.41 per share and 2,351 shares of common stock at $42.82 per share were outstanding at the end of Fiscal 2009 but were not included in the computation of diluted earnings per share because the options exercise prices were greater than the average market price of the common shares.

Options to purchase 74,918 shares of common stock at $36.40 per share, 2,378 shares of common stock at $40.05 per share, 108,509 shares of common stock at $38.14 per share, 951 shares of common stock at $37.41 per share and 2,351 shares of common stock at $42.82 per share were outstanding at the end of Fiscal 2008 but were not included in the computation of diluted earnings per share because the options exercise prices were greater than the average market price of the common shares.

The weighted shares outstanding reflects the effect of stock buy back programs. In a series of authorizations from Fiscal 1999-2003, the Company s board of directors authorized the repurchase of up to 7.5 million shares. In June 2006, the board authorized an additional $20.0 million in stock repurchases. In August 2006, the board authorized an additional $30.0 million in stock repurchases. The Company did not repurchase any shares during Fiscal 2008. In March 2008, the board authorized up to $100.0 million in stock repurchases primarily funded with the after-tax cash proceeds of the settlement of merger-related litigation with The Finish Line and UBS (see Notes 3 and 15). The Company repurchased 4.0 million shares at a cost of $90.9 million during Fiscal 2009. The Company repurchased 85,000 shares at a cost of $2.0 million during Fiscal 2010, which was not paid at the end of Fiscal 2010 but included in other accrued liabilities on the Consolidated Balance Sheets. In total, the Company has repurchased 12.2 million shares at a cost of $196.3 million from all authorizations as of January 30, 2010. In February 2010, the board increased the total repurchase authorization to $35.0 million.

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Note 14
Share-Based Compensation Plans

The Company s stock-based compensation plans, as of January 30, 2010, are described below. The Company recognizes compensation expense for share-based payments based on the fair value of the awards as required by the Compensation Stock Compensation Topic of the Codification.

Stock Incentive Plans

The Company has two fixed stock incentive plans. Under the 2009 Equity Incentive Plan (the 2009 Plan), effective as of June 24, 2009, the Company may grant options, restricted shares, performance awards and other stock-based awards to its employees, consultants and directors for up to 1.2 million shares of common stock. Under the 2005 Equity Incentive Plan (the 2005 Plan), effective as of June 23, 2005, the Company may grant options, restricted shares and other stock-based awards to its employees and consultants as well as directors for up to 1.0 million shares of common stock. There will be no future awards under the 2005 Equity Incentive Plan. Under both plans, the exercise price of each option equals the market price of the Company s stock on the date of grant and an option s maximum term is 10 years. Options granted under both plans vest 25% per year.

For Fiscal 2010, 2009 and 2008, the Company recognized share-based compensation cost of $0.4 million, $1.7 million and $3.2 million, respectively, for its fixed stock incentive plans included in selling and administrative expenses in the accompanying Consolidated Statements of Operations. The Company did not capitalize any share-based compensation cost.

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Genesco Inc.
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Note 14
Share-Based Compensation Plans, Continued

The Compensation   Stock Compensation Topic of the Codification requires that the cash flows resulting from tax benefits for tax deductions in excess of the compensation cost recognized for those options (excess tax benefit) be classified as financing cash flows. Accordingly, the Company classified excess tax benefits of $0.2 million and $0.7 million as financing cash inflows rather than as operating cash inflows on its Consolidated Statement of Cash Flows for Fiscal 2009 and 2008, respectively.

The Company did not grant any shares of fixed stock options in Fiscal 2010 or 2009. The Company granted 2,351 shares of fixed stock options in Fiscal 2008. For Fiscal 2008, the Company estimated the fair value of each option award on the date of grant using a Black-Scholes option pricing model. The Company based expected volatility on historical term structures. The Company based the risk free rate on an interest rate for a bond with a maturity commensurate with the expected term estimate. The Company estimated the expected term of stock options using historical exercise and employee termination experience. The Company does not currently pay a dividend. The following table shows the weighted average assumptions used to develop the fair value estimates for Fiscal 2008:

	Fiscal Year 2008
Volatility	35.3%
Risk Free Rate	4.7%
Expected Term (years)	4.7
Dividend yield	0.0%

Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 14
Share-Based Compensation Plans, Continued

A summary of fixed stock option activity and changes for Fiscal 2010, 2009 and 2008 is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)[1]
Outstanding, February 3, 2007	1,160,786	$ 23.25		
Granted	2,351	42.82		
Exercised	(32,751)	17.83		
Forfeited	(712)	38.14		
Outstanding, February 2, 2008	1,129,674	$ 23.44		
Granted	-0-			
Exercised	(82,868)	17.35		
Forfeited	(3,047)	31.84		
Outstanding, January 31, 2009	1,043,759	$ 23.90		
Granted	**-0-**			
Exercised	**(28,500)**	**14.04**		
Forfeited	**(19,679)**	**31.16**		
Outstanding, January 30, 2010	**995,580**	**$ 24.04**	**4.27**	**$ 2,597**
Exercisable, January 30, 2010	**968,223**	**$ 23.64**	**4.20**	**$ 2,597**

(1) Based upon the difference between the closing market price of the Company s common stock

on the last
trading day of
the year and the
grant price of
in-the-money
options.

The total intrinsic value, which represents the difference between the underlying stock s market price and the option s exercise price, of options exercised during Fiscal 2010, 2009 and 2008 was $0.4 million, $1.4 million and $0.9 million, respectively.

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Note 14
Share-Based Compensation Plans, Continued

A summary of the status of the Company s nonvested shares of its fixed stock incentive plans as of January 30, 2010, is presented below:

Nonvested Fixed Stock Options	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 31, 2009	75,384	$ 16.29
Granted	-0-	
Vested	(28,348)	15.50
Forfeited	(19,679)	17.25
Nonvested at January 30, 2010	**27,357**	**$ 16.41**

As of January 31, 2010 there were $0.2 million of total unrecognized compensation costs related to nonvested share-based compensation arrangements granted under the stock incentive plans discussed above. That cost is expected to be recognized over a weighted average period of 0.7 years.

Cash received from option exercises under all share-based payment arrangements for Fiscal 2010, 2009 and 2008 was $0.4 million, $1.4 million and $0.6 million, respectively.

Restricted Stock Incentive Plans

Director Restricted Stock

The 2009 and 2005 Plans permit the board of directors to grant restricted stock to non-employee directors on the date of the annual meeting of shareholders at which an outside director is first elected (New Director Grants). The outside director restricted stock so granted is to vest with respect to one-third of the shares each year as long as the director is still serving as a director. Once the shares have vested, the director is restricted from selling, transferring, pledging or assigning the shares for an additional two years. There were no shares issued in New Director Grants in Fiscal 2010, 2009 and 2008.

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Note 14
Share-Based Compensation Plans, Continued

In addition, the 2009 and 2005 Plans permit an outside director to elect irrevocably to receive all or a specified portion of his annual retainers for board membership and any committee chairmanship for the following fiscal year in a number of shares of restricted stock (the Retainer Stock). Shares of the Retainer Stock are granted as of the first business day of the fiscal year as to which the election is effective, subject to forfeiture to the extent not earned upon the outside director s ceasing to serve as a director or committee chairman during such fiscal year. Once the shares are earned, the director is restricted from selling, transferring, pledging or assigning the shares for an additional three years. There were no retainer shares issued in Fiscal 2010 or 2009. In Fiscal 2008, the Company issued 6,761 shares of Retainer Stock.

Also pursuant to the 2005 Plan, annually on the date of the annual meeting of shareholders, beginning in Fiscal 2007, each outside director received restricted stock valued at $60,000 based on the average of stock prices for the first five days in the month of the annual meeting of shareholders. The outside director restricted stock vests with respect to one-third of the shares each year as long as the director is still serving as a director. Once the shares vest, the director is restricted from selling, transferring, pledging or assigning the shares for an additional two years. Under the 2009 Plan, director stock awards were made during Fiscal 2010 on substantially the same terms as grants under the 2005 Plan. For Fiscal 2010 and 2009, the Company issued 21,204 shares and 18,792 shares, respectively, of director restricted stock. There were no shares of director restricted stock issued in Fiscal 2008.

For Fiscal 2010, 2009 and 2008, the Company recognized $0.4 million, $0.3 million and $0.6 million, respectively, of director restricted stock related share-based compensation in selling and administrative expenses in the accompanying Consolidated Statements of Operations.

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Note 14
Share-Based Compensation Plans, Continued

Employee Restricted Stock

Under the 2009 Plan, the Company issued 383,745 shares of employee restricted stock in Fiscal 2010. Under the 2005 Plan, the Company issued 397,273 shares and 3,547 shares of employee restricted stock in Fiscal 2009 and 2008, respectively. Of the 383,745 shares issued in Fiscal 2010, 359,096 shares and the shares issued in Fiscal 2008 vest 25% per year over four years, provided that on such date the grantee has remained continuously employed by the Company since the date of grant. The additional 24,649 shares issued in Fiscal 2010 and the shares issued in Fiscal 2009 vest one-third per year over three years. The fair value of employee restricted stock is charged against income as compensation cost over the vesting period. Compensation cost recognized in selling and administrative expenses in the accompanying Consolidated Statements of Operations for these shares was $6.2 million, $6.0 million and $4.0 million for Fiscal 2010, 2009 and 2008, respectively. A summary of the status of the Company s nonvested shares of its employee restricted stock as of January 30, 2010 is presented below:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at February 3, 2007	361,797	$ 37.23
Granted	3,547	42.82
Vested	(51,720)	37.46
Withheld for federal taxes	(19,397)	37.47
Forfeited	(976)	38.14
Nonvested at February 2, 2008	293,251	37.23
Granted	397,273	20.79
Vested	(124,869)	36.84
Withheld for federal taxes	(52,969)	36.86
Forfeited	(4,353)	27.42
Nonvested at January 31, 2009	508,333	24.60
Granted	**383,745**	**19.25**
Vested	**(138,714)**	**26.70**
Withheld for federal taxes	**(65,299)**	**26.32**
Forfeited	**(11,951)**	**25.97**
Nonvested at January 30, 2010	**676,114**	**$ 20.94**

As of January 30, 2010 there were $10.2 million of total unrecognized compensation costs related to nonvested share-based compensation arrangements for restricted stock discussed above. That cost is expected to be recognized over a weighted average period of 2.4 years.

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Note 14
Share-Based Compensation Plans, Continued

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan, the Company is authorized to issue up to 1.0 million shares of common stock to qualifying full-time employees whose total annual base salary is less than $90,000, effective October 1, 2002. Prior to October 1, 2002, the total annual base salary was limited to $100,000. Under the terms of the Plan, employees could choose each year to have up to 15% of their annual base earnings or $8,500, whichever is lower, withheld to purchase the Company s common stock. The purchase price of the stock was 85% of the closing market price of the stock on either the exercise date or the grant date, whichever was less. The Company s board of directors amended the Company s Employee Stock Purchase Plan effective October 1, 2005 to provide that participants may acquire shares under the Plan at a 5% discount from fair market value on the last day of the Plan year. Employees can choose each year to have up to 15% of their annual base earnings or $9,500, whichever is lower, withheld to purchase the Company s common stock. Under the Compensation Stock Compensation Topic of the Codification, shares issued under the Plan as amended are non-compensatory. No participant contributions were accepted by the Company under the Plan after September 28, 2007 as a result of the Finish Line merger agreement, which was terminated in March 2008. A new short plan year began April 1, 2008 and a normal plan year resumed on October 1, 2008. Under the Plan, the Company sold 4,350 shares, 1,711 shares and 4,813 shares to employees in Fiscal 2010, 2009 and 2008, respectively.

Stock Purchase Plans

Stock purchase accounts arising out of sales to employees prior to 1972 under certain employee stock purchase plans amounted to $123,000 and $132,000 at January 30, 2010 and January 31, 2009, respectively, and were secured at January 30, 2010, by 6,670 employees preferred shares. Payments on stock purchase accounts under the stock purchase plans have been indefinitely deferred. No further sales under these plans are contemplated.

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Note 15
Legal Proceedings

Environmental Matters

New York State Environmental Matters

In August 1997, the New York State Department of Environmental Conservation (NYSDEC) 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 remedial measure (IRM) with regard to the site of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969. The Company undertook the IRM and RIFS voluntarily, without admitting liability or accepting responsibility for any future remediation of the site. The Company has completed the IRM and the RIFS. In the course of preparing the RIFS, the Company identified remedial alternatives with estimated undiscounted costs ranging from $-0- to $24.0 million, excluding amounts previously expended or provided for by the Company. The United States Environmental Protection Agency (EPA), which has assumed primary regulatory responsibility for the site from NYSDEC, issued a Record of Decision in September 2007. The Record of Decision requires a remedy of a combination of groundwater extraction and treatment and in-site chemical oxidation at an estimated present worth cost of approximately $10.7 million.

In July 2009, the Company agreed to a Consent Order with the EPA requiring the Company to perform certain remediation actions, operations, maintenance and monitoring at the site. In September 2009, a Consent Judgment embodying the Consent Order was filed in the U.S. District Court for the Eastern District of New York.

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Notes to Consolidated Financial Statements

Note 15
Legal Proceedings, Continued

The Village of Garden City, New York, has asserted that the Company is liable for the costs associated with enhanced treatment required by the impact of the groundwater plume from the site on two public water supply wells, including historical costs ranging from approximately $1.8 million to in excess of $2.5 million, and future operation and maintenance costs which the Village estimates at $126,400 annually while the enhanced treatment continues. On December 14, 2007, the Village filed a complaint against the Company and the owner of the property under the Resource Conservation and Recovery Act (RCRA), the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as well as a number of state law theories in the U.S. District Court for the Eastern District of New York, seeking an injunction requiring the defendants to remediate contamination from the site and to establish their liability for future costs that may be incurred in connection with it, which the complaint alleges could exceed $41 million over a 70-year period. The Company has not verified the estimates of either historic or future costs asserted by the Village, but believes that an estimate of future costs based on a 70-year remediation period is unreasonable given the expected remedial period reflected in the EPA s Record of Decision. On May 23, 2008, the Company filed a motion to dismiss the Village s complaint on grounds including applicable statutes of limitation and preemption of certain claims by the NYSDEC s and the EPA s diligent prosecution of remediation. On January 27, 2009, the Court granted the motion to dismiss all counts of the plaintiff s complaint except for the CERCLA claim and a state law claim for indemnity for costs incurred after November 27, 2000. On September 23, 2009, on a motion for reconsideration by the Village, the Court reinstated the claims for injunctive relief under RCRA and for equitable relief under certain of the state law theories.

In December 2005, the EPA notified the Company that it considers the Company a potentially responsible party (PRP) with respect to contamination at two Superfund sites in upstate New York. The sites were used as landfills for process wastes generated by a glue manufacturer, which acquired tannery wastes from several tanners, allegedly including the Company s Whitehall tannery, for use as raw materials in the gluemaking process. The Company has no records indicating that it ever provided raw materials to the gluemaking operation and has not been able to establish whether the EPA s substantive allegations are accurate. The Company, together with other tannery PRPs, has entered into cost sharing agreements and Consent Decrees with the EPA with respect to both sites. Based upon the current estimates of the cost of remediation, the Company s share is expected to be less than $250,000 in total for the two sites. While there is no assurance that the Company s share of the actual cost of remediation will not exceed the estimate, the Company does not presently expect that its aggregate exposure with respect to these two landfill sites will have a material adverse effect on its financial condition or results of operations.

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Note 15
Legal Proceedings, Continued

Whitehall Environmental Matters

The Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company s former Volunteer Leather Company facility in Whitehall, Michigan.

The Company has submitted to the Michigan Department of Environmental Quality (MDEQ) and provided for certain costs associated with a remedial action plan (the Plan) designed to bring the property into compliance with regulatory standards for non-industrial uses and has subsequently engaged in negotiations regarding the scope of the Plan. The Company estimates that the costs of resolving environmental contingencies related to the Whitehall property range from $3.9 million to $4.4 million, and considers the cost of implementing the Plan, as it is modified in the course of negotiations with the MDEQ, to be the most likely cost within that range. Until the Plan is finally approved by the MDEQ, management cannot provide assurances that no further remediation will be required or that its estimate of the range of possible costs or of the most likely cost of remediation will prove accurate.

Accrual for Environmental Contingencies

Related to all outstanding environmental contingencies, the Company had accrued $15.9 million as of January 30, 2010, $16.0 million as of January 31, 2009 and $7.8 million as of February 2, 2008. All such provisions reflect the Company s estimates of the most likely cost (undiscounted, including both current and noncurrent portions) of resolving the contingencies, based on facts and circumstances as of the time they were made. There is no assurance that relevant facts and circumstances will not change, necessitating future changes to the provisions. Such contingent liabilities are included in the liability arising from provision for discontinued operations on the accompanying Consolidated Balance Sheets. The Company has made pretax accruals for certain of these contingencies, including approximately $0.8 million reflected in Fiscal 2010, $9.4 million in Fiscal 2009 and $2.9 million in Fiscal 2008. These charges are included in provision for discontinued operations, net in the Consolidated Statements of Operations.

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Note 15
Legal Proceedings, Continued

Merger-Related Litigation
Genesco Inc. v. The Finish Line, et al.
UBS Securities LLC and UBS Loan Finance LLC v. Genesco Inc., et al.
On June 18, 2007, the Company announced that the boards of directors of Genesco and The Finish Line had unanimously approved a definitive merger agreement under which The Finish Line would acquire all of the outstanding common shares of Genesco at $54.50 per share in cash. On September 21, 2007, the Company filed suit against The Finish Line in Chancery Court in Nashville, Tennessee seeking a court order requiring The Finish Line to consummate the merger with the Company (the Tennessee Action). UBS Securities LLC and UBS Loan Finance LLC (collectively, UBS) subsequently intervened as a defendant in the Tennessee Action, filed an answer to the amended complaint and a counterclaim asserting fraud against the Company.

On November 15, 2007, UBS filed a separate lawsuit in the United States District Court for the Southern District of New York (the New York Action), naming the Company and The Finish Line as defendants. In the New York Action, UBS sought a declaration that its commitment to provide The Finish Line with financing for the merger transaction was void and/or could be terminated by UBS because The Finish Line would not be able to provide, prior to the expiration of the financing commitment on April 30, 2008, a valid solvency certificate attesting to the solvency of the combined entities resulting from the merger, which certificate was a condition precedent to the closing of the financing. The Company was named in the New York Action as an interested party.

Trial of the Tennessee Action began on December 10, 2007 and concluded on December 18, 2007. On December 27, 2007, the Chancery Court ordered The Finish Line to specifically perform the terms of the Merger Agreement. In its order, the Court rejected UBS s and The Finish Line s claims of fraud and misrepresentation and declared that all conditions to the Merger Agreement had been met. The Court also declared that The Finish Line had breached the Merger Agreement by not closing the merger. The Court ordered The Finish Line to close the merger pursuant to section 1.2 of the Merger Agreement, to use its reasonable best efforts to take all actions to consummate the merger as required by section 6.4(d) of the Merger Agreement, and to use its reasonable best efforts to obtain financing as per section 6.8(a) of the Merger Agreement. The Court excluded from its order any ruling on the issue of the solvency of the combined company, finding that the issue of solvency was reserved for determination by the New York Court in the New York Action filed by UBS.

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Notes to Consolidated Financial Statements

Note 15
Legal Proceedings, Continued

On March 3, 2008, the Company, The Finish Line, and UBS entered into a definitive agreement for the termination of the merger agreement with The Finish Line and the settlement of all related litigation among The Finish Line and the Company and UBS, including the Tennessee Action and the New York Action. In the settlement agreement, the parties agreed that: (1) the merger agreement between the Company and The Finish Line would be terminated; (2) the financing commitment from UBS to The Finish Line would be terminated; (3) UBS and The Finish Line would pay to the Company an aggregate of $175 million in cash; (4) The Finish Line would transfer to the Company a number of Class A shares of The Finish Line common stock equal to 12.0% of the total post-issuance outstanding shares of The Finish Line common stock which the Company would use its best efforts to distribute to its common shareholders as soon as practicable after the shares registration and listing on NASDAQ; (5) the Company and The Finish Line would be subject to a mutual standstill agreement; and (6) the parties would execute customary mutual releases. Stipulations of Dismissal were filed by all parties to both the New York Action and the Tennessee Action, and both Actions were dismissed. The Company distributed the shares of The Finish Line common stock received in the settlement to the Company s shareholders during the second quarter of Fiscal 2009.

California Matters

On June 16, 2008, there was filed in the Superior Court of the State of California, County of Shasta, a putative class action styled *Jacobs v. Genesco Inc. et al*., alleging violations of the California Labor Code involving payment of wages, failure to provide mandatory meal and rest breaks, and unfair competition, and seeking back pay, penalties and declaratory and injunctive relief. The Company removed the case to the Federal District Court for the Eastern District of California. On September 3, 2008, the court dismissed certain of the plaintiff s claims, including claims for conversion and punitive damages. On May 5, 2009, the Company and the plaintiff s counsel reached an agreement in principle to settle the lawsuit on a claims made basis. On January 21, 2010, the court granted preliminary approval of the settlement. The minimum payment by the Company pursuant to the agreement, which remains subject to final court approval, is $398,000; the maximum is $703,000.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 15
Legal Proceedings, Continued

Patent Action

The Company is named as a defendant in *Paul Ware and Financial Systems Innovation, L.L.C. v. Abercrombie & Fitch Stores, Inc., et al.,* filed on June 19, 2007, in the United States District Court for the Northern District of Georgia, against more than 100 retailers. The suit alleges that the defendants have infringed U.S. Patent No. 4,707,592 by using a feature of their retail point of sale registers to generate transaction numbers for credit card purchases. The complaint seeks treble damages in an unspecified amount and attorneys fees. The Company has filed an answer denying the substantive allegations in the complaint and asserting certain affirmative defenses. On December 14, 2007, the Company filed a third-party complaint against Datavantage Corporation and MICROS Systems, Inc., its vendor for the technology at issue in the case, seeking indemnification and defense against the infringement allegations in the complaint. On December 27, 2007, the court stayed proceedings in the litigation pending the outcome of a reexamination of the patent by the U. S. Patent and Trademark Office. On September 15, 2008, the patent examiner issued a first Office Action rejecting all of the claims in the patent as being unpatentable over the prior art. On January 21, 2009, the examiner issued a final office action again rejecting all of the claims in the patent. In April 2009, the examiner issued a Notice of Intent to Issue an Ex Parte Reexamination Certificate for the patent. The litigation is in discovery.

Other Matters

In addition to the matters specifically described in this footnote, the Company is a party to other legal and regulatory proceedings and claims arising in the ordinary course of its business. While management does not believe that the Company s liability with respect to any of these other matters is likely to have a material effect on its financial position or results of operations, legal proceedings are subject to inherent uncertainties and unfavorable rulings could have a material adverse impact on our business and results of operations.

Note 16
Business Segment Information

The Company operates five reportable business segments (not including corporate): Journeys Group, comprised of the Journeys, Journeys Kidz and Shi by Journeys retail footwear chains, catalog and e-commerce operations; Underground Station Group, comprised of the Underground Station retail footwear chain and e-commerce operations and the remaining Jarman retail footwear stores; Hat World Group, comprised of the Hat World, Lids, Hat Shack, Hat Zone, Head Quarters, Cap Connection and Lids Locker Room retail headwear stores and e-commerce operations, the Sports Fan-Attic retail licensed sports headwear, apparel and accessory stores acquired in November 2009 and the Impact Sports and Great Plains Sports team dealer businesses acquired in November 2008 and September 2009, respectively; Johnston & Murphy Group, comprised of Johnston & Murphy retail operations, catalog and e-commerce operations and wholesale distribution; and Licensed Brands, comprised primarily of Dockers® Footwear sourced and marketed under a license from Levi Strauss & Company.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 16
Business Segment Information, Continued

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 the way management organizes the segments in order to make operating decisions and assess performance along types of products sold. Journeys Group, Underground Station Group and Hat World Group sell primarily branded products from other companies while Johnston & Murphy Group and Licensed Brands sell primarily the Company s owned and licensed brands.
Corporate assets include cash, prepaid income taxes, deferred income taxes, deferred note expense and corporate fixed assets. The Company charges allocated retail costs of distribution to each segment and unallocated retail costs of distribution to the corporate segment. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, stock compensation, interest expense, interest income, restructuring charges and other including major litigation and the loss on early retirement of debt.

Fiscal 2010 In thousands	Journeys Group	Underground Station Group	Hat World Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	$749,202	$ 99,458	$ 465,878	$ 166,081	$ 93,291	$ 643	$ 1,574,553
Intercompany sales	-0-	-0-	(102)	(2)	(97)	-0-	(201)
Net sales to external customers	$749,202	$ 99,458	$ 465,776	$ 166,079	$ 93,194	$ 643	$ 1,574,352
Segment operating income (loss)	$ 44,285	$ (4,584)	$ 44,039	$ 5,484	$ 12,372	$ (27,813)	$ 73,783
Restructuring and other*	-0-	-0-	-0-	-0-	-0-	(13,361)	(13,361)
Earnings (loss) from operations	44,285	(4,584)	44,039	5,484	12,372	(41,174)	60,422
Loss on early retirement of debt	-0-	-0-	-0-	-0-	-0-	(5,518)	(5,518)
Interest expense	-0-	-0-	-0-	-0-	-0-	(4,430)	(4,430)
Interest income	-0-	-0-	-0-	-0-	-0-	14	14
Earnings (loss) from continuing operations before	$ 44,285	$ (4,584)	$ 44,039	$ 5,484	$ 12,372	$ (51,108)	$ 50,488

income taxes

Total assets**	**$ 246,000**	**$ 28,497**	**$ 333,634**	**$ 67,705**	**$ 27,293**	**$ 160,523**	**$ 863,652**
Depreciation	**23,839**	**2,669**	**14,303**	**3,891**	**174**	**2,157**	**47,033**
Capital expenditures	**14,664**	**158**	**13,959**	**3,633**	**64**	**1,347**	**33,825**

* Restructuring and other includes a $13.3 million charge for asset impairments, of which $9.5 million is in the Journeys Group, $2.1 million in the Hat World Group, $0.9 million in the Johnston & Murphy Group and $0.8 million in the Underground Station Group.

** Total assets for Hat World Group include $119.0 million goodwill.

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Genesco Inc.
and Subsidiaries
Notes to Consolidated Financial Statements

Note 16
Business Segment Information, Continued

Fiscal 2009 In thousands	Journeys Group	Underground Station Group	Hat World Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	$760,008	$ 110,902	$405,446	$177,963	$96,656	$ 682	$ 1,551,657
Intercompany sales	-0-	-0-	-0-	-0-	(95)	-0-	(95)
Net sales to external customers	$760,008	$ 110,902	$405,446	$177,963	$96,561	$ 682	$ 1,551,562
Segment operating income (loss)	$ 49,050	$ (5,660)	$ 36,670	$ 10,069	$11,925	$ (39,003)	$ 63,051
Gain from settlement of merger-related litigation	-0-	-0-	-0-	-0-	-0-	204,075	204,075
Restructuring and other*	-0-	-0-	-0-	-0-	-0-	(7,500)	(7,500)
Earnings (loss) from operations	49,050	(5,660)	36,670	10,069	11,925	157,572	259,626
Interest expense	-0-	-0-	-0-	-0-	-0-	(9,234)	(9,234)
Interest income	-0-	-0-	-0-	-0-	-0-	322	322
Earnings (loss) from continuing operations before income taxes	$ 49,050	$ (5,660)	$ 36,670	$ 10,069	$11,925	$148,660	$ 250,714
Total assets**	$270,043	$ 33,790	$306,904	$ 82,246	$32,070	$ 91,010	$ 816,063
Depreciation	23,417	3,336	13,828	3,634	188	2,354	46,757
Capital expenditures	23,437	295	15,705	6,985	300	2,698	49,420

* Restructuring and other

includes an $8.6 million charge for asset impairments, of which $3.8 million is in the Hat World Group, $3.4 million in the Journeys Group, $1.0 million in the Underground Station Group and $0.4 million in the Johnston & Murphy Group.

** Total assets for Hat World Group include $111.7 million goodwill.

Fiscal 2008 In thousands	Journeys Group	Underground Station Group	Hat World Group	Johnston & Murphy Group	Licensed Brands	Corporate & Other	Consolidated
Sales	$713,366	$ 124,002	$ 378,913	$ 192,487	$ 93,064	$ 645	$ 1,502,477
Intercompany sales	-0-	-0-	-0-	-0-	(358)	-0-	(358)
Net sales to external customers	$713,366	$ 124,002	$ 378,913	$ 192,487	$ 92,706	$ 645	$ 1,502,119
Segment operating income (loss)	$ 51,097	$ (7,710)	$ 31,987	$ 19,807	$ 10,976	$ (54,634)	$ 51,523
Restructuring and other*	-0-	-0-	-0-	-0-	-0-	(9,702)	(9,702)
Earnings (loss) from operations	51,097	(7,710)	31,987	19,807	10,976	(64,336)	41,821
Interest expense	-0-	-0-	-0-	-0-	-0-	(12,045)	(12,045)
Interest income	-0-	-0-	-0-	-0-	-0-	144	144

Earnings (loss) from continuing operations before income taxes	$ 51,097	$ (7,710)	$ 31,987	$ 19,807	$ 10,976	$ (76,237)	$ 29,920
Total assets**	$ 278,959	$ 45,734	$ 299,820	$ 72,753	$ 26,055	$ 78,364	$ 801,685
Depreciation	21,222	4,017	13,277	3,421	153	3,024	45,114
Capital expenditures	42,124	1,701	27,121	6,607	1,115	1,994	80,662

* Restructuring and other includes an $8.7 million charge for asset impairments, of which $4.7 million is in the Underground Station Group, $2.1 million in the Hat World Group, $1.7 million in the Journeys Group and $0.2 million in the Johnston & Murphy Group.

** Total assets for Hat World Group include $107.6 million goodwill.

Genesco Inc.
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Notes to Consolidated Financial Statements

Note 17
Quarterly Financial Information (Unaudited)

nds, except amounts)	**1st Quarter**		**2nd Quarter**		**3rd Quarter**		**4th Quarter**		**Fiscal Y**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	
	$ 370,366	$ 356,935	**$ 334,658**	$ 353,138	**$ 390,302**	$ 389,767	**$ 479,026**	$ 451,722	**$ 1,574,352**	$
in	**189,222**	181,395	**169,945**	181,324	**200,166**	197,914	**236,537**	219,349	**795,870**	
oss) from operations me taxes	**(5,322)[1]**	200,242[3]	**(3,835)[5]**	1,770[6]	**17,403[8]**	13,010[10]	**42,242[11]**	35,692[12]	**50,488**	
oss) from operations	**(5,603)**	129,440	**(2,663)**	(5,391)	**11,523**	8,991	**25,829**	23,179	**29,086**	
s (loss)	**(5,762)[2]**	129,347[4]	**(2,722)**	(10,752)[7]	**11,443[9]**	8,966	**25,854**	23,195	**28,813**	
nings (loss) n share:										
operations	**(.30)**	5.14	**(.12)**	(.29)	**.50**	.43	**1.08**	1.05	**1.31**	
s (loss)	**(.31)**	5.14	**(.13)**	(.58)	**.50**	.43	**1.08**	1.05	**1.30**	

(1) Includes a net restructuring and other charge of $5.0 million (see Note 5) and a $5.1 million loss on early retirement of debt (see Note 8).

(2) Includes a loss of $0.2 million, net of tax, from discontinued operations (see Note 5).

(3)

Includes a net restructuring and other charge of $2.2 million (see Note 5), a $7.3 million charge for merger-related expenses and a gain from the settlement of merger-related litigation of $204.1 million (see Notes 3 and 15).

(4) Includes a loss of $0.1 million, net of tax, from discontinued operations (see Note 5).

(5) Includes a net restructuring and other charge of $3.3 million (see Note 5).

(6) Includes a net restructuring and other charge of $3.3 million (see Note 5) and a $0.3 million charge for merger-related expenses (see Notes 3 and 15).

(7) Includes a loss of $5.4 million, net of tax, from discontinued operations (see Note 5).

(8) Includes a net restructuring and other charge

of $2.6 million (see Note 5).

(9) Includes a loss of $0.1 million, net of tax, from discontinued operations (see Note 5).

(10) Includes a net restructuring and other charge of $2.3 million (see Note 5) and a $0.2 million charge for merger-related expenses (see Notes 3 and 15).

(11) Includes a net restructuring and other charge of $2.5 million (see Note 5) and a $0.4 million loss on early retirement of debt (see Note 8).

(12) Includes a net restructuring and other credit of $0.3 million (see Note 5) and a $0.2 million charge for merger-related expenses (see Notes 3 and 15).

ITEM 9, CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A, CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures.

We have established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company s financial reports and to other members of senior management and the Board of Directors.

Based on their evaluation as of January 30, 2010, the principal executive officer and principal financial officer of the Company have concluded that the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within time periods specified in SEC rules and forms and (ii) accumulated and communicated to the Company s management, including the Company s principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Management s report on internal control over financial reporting.

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company s internal control over financial reporting as of January 30, 2010. In making this assessment, management used the criteria set forth in *Internal Control Integrated Framework* drafted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of January 30, 2010, the Company s internal control over financial reporting is effective based on these criteria.

Ernst & Young LLP, the independent registered public accounting firm who also audited the Company s Consolidated Financial Statements, has issued an attestation report on the Company s internal control over financial reporting which is included herein.

Changes in internal control over financial reporting.
There were no changes in the Company s internal control over financial reporting that occurred during the Company s last fiscal quarter that have materially affected or are reasonably likely to materially affect the Company s internal control over financial reporting.

ITEM 9B, OTHER INFORMATION

Not applicable.

PART III

ITEM 10, DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF THE REGISTRANT

Certain information required by this item is incorporated herein by reference to the sections entitled Election of Directors, Corporate Governance and Section 16(a) Beneficial Ownership Reporting Compliance in the Company s definitive proxy statement for its annual meeting of shareholders to be held June 23, 2010 to be filed with the Securities and Exchange Commission. Pursuant to General Instruction G(3), certain information concerning the executive officers of the Company appears under the caption Executive Officers of the Registrant in this report following Item 4 of Part I.

The Company has a code of ethics (the Code of Ethics) that applies to all of its directors, officers (including its chief executive officer, chief financial officer and chief accounting officer) and employees. The Company has made the Code of Ethics available and intends to post any legally required amendments to, or waivers of, such Code of Ethics on its website at http://www.genesco.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not a part of this report, and therefore is not incorporated herein by reference.

ITEM 11, EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the sections entitled Election of Directors Director Compensation and Executive Compensation in the Company s definitive proxy statement for its annual meeting of shareholders to be held June 23, 2010 to be filed with the Securities and Exchange Commission.

ITEM 12, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Certain information required by this item is incorporated herein by reference to the section entitled Security Ownership of Officers, Directors and Principal Shareholders in the Company s definitive proxy statement for its annual meeting of shareholders to be held June 23, 2010 to be filed with the Securities and Exchange Commission.

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The following table provides certain information as of January 30, 2010 with respect to our equity compensation plans:

EQUITY COMPENSATION PLAN INFORMATION*

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[1]
Equity compensation plans approved by security holders	995,580	$ 24.04	1,140,224
Equity compensation plans not approved by security holders			
Total	995,580	$ 24.04	1,140,224

(1) Such shares may be issued as restricted shares or other forms of stock-based compensation pursuant to our stock incentive plans.

* For additional information concerning our equity compensation plans, see the discussion in Note 1 in the Notes to Consolidated Financial

Statements
Summary of
Significant
Accounting
Policies
Share-Based
Compensation
and Note 14
Share-Based
Compensation
Plans.

ITEM 13, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the section entitled Certain Relationships and Related Transactions and Election of Directors in the Company s definitive proxy statement for its annual meeting of shareholders to be held June 23, 2010 to be filed with the Securities and Exchange Commission.

ITEM 14, PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference to the section entitled Audit Matters in the Company s definitive proxy statement for its annual meeting of shareholders to be held June 23, 2010 to be filed with the Securities and Exchange Commission.

PART IV

ITEM 15, EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

The following consolidated financial statements of Genesco Inc. and Subsidiaries are filed as part of this report under Item 8.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting
Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets, January 30, 2010 and January 31, 2009
Consolidated Statements of Operations, each of the three fiscal years ended 2010, 2009 and 2008
Consolidated Statements of Cash Flows, each of the three fiscal years ended 2010, 2009 and 2008
Consolidated Statements of Shareholders Equity, each of the three fiscal years ended 2010, 2009 and 2008
Notes to Consolidated Financial Statements

Financial Statement Schedules

II Valuation and Qualifying Accounts, each of the three fiscal years ended 2010, 2009 and 2008

All other schedules are omitted because the required information is either not applicable or is presented in the financial statements or related notes. These schedules begin on page 132.

Exhibits

(2) a. Agreement and Plan of Merger, dated as of February 5, 2004, by and among Genesco Inc., HWC Merger Sub, Inc. and Hat World Corporation. Incorporated by reference to Exhibit (2)a to the current report on Form 8-K filed April 9, 2004 (File No. 1 3083).

b. Stock Purchase Agreement, dated December 9, 2006, by and among Hat World, Inc., Hat Shack, Inc. and all the shareholders of Hat Shack, Inc. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed December 12, 2006 (File No. 1-3083).

(3) a. Amended and Restated Bylaws of Genesco Inc. Incorporated by reference to Exhibit 3.1 to the current report on Form 8-K filed December 19, 2007 (File No. 1-3083).

b. Restated Charter of Genesco Inc., as amended. Incorporated by reference to Exhibit 1 to the Company s Registration Statement on Form 8-A/A filed with the SEC on May 1, 2003.

(4) a. Amended and Restated Shareholders Rights Agreement dated as of August 28, 2000. Incorporated by reference to Exhibit 4 to the current report on Form 8-K filed August 30, 2000 (File No. 1-3083).

b. Indenture, dated as of June 24, 2003, between Genesco Inc. and Bank of New York (including Form of 4.125% Convertible Subordinated Debenture due 2023). Incorporated by reference to Exhibit 4.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended August 2, 2003.

c. Form of Certificate for the Common Stock. Incorporated by reference to Exhibit 3 to the Company s Registration Statement on Form 8-A/A filed with the SEC on May 1, 2003.

(10) a. Amended and Restated Credit Agreement, dated as of December 1, 2006, by and among the Company, certain subsidiaries of the Company party thereto, as other borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed December 5, 2006 (File No. 1-3083).

b. Form of Split-Dollar Insurance Agreement with Executive Officers. Incorporated by reference to Exhibit (10)a to the Company s Annual Report on Form 10-K for the fiscal year ended February 1, 1997.

c. 1996 Stock Incentive Plan Amended and Restated as of October 24, 2007. Form of Option Agreement, incorporated by reference to Exhibit (10)c to the Company s Annual Report on Form 10-K for the fiscal year ended February 3, 2007.

d. Genesco Inc. 2005 Equity Incentive Plan Amended and Restated as of October 24, 2007. Incorporated by reference to Exhibit (10)d to the Company s Annual Report on Form 10-K for the fiscal year ended February 2, 2008.

e. Genesco Inc. 2009 Equity Incentive Plan. Incorporated by reference to Exhibit A to the Company s definitive proxy statement dated May 15, 2009.

f. 2011 EVA Incentive Compensation Plan.

g. Amended and Restated EVA Incentive Compensation Plan. Incorporated by reference to Exhibit (10)f to the Company s Annual Report on Form 10-K for the fiscal year ended February 2, 2008.

h. Form of Incentive Stock Option Agreement. Incorporated by reference to Exhibit (10)c to the Company s Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

i. Form of Non-Qualified Stock Option Agreement. Incorporated by reference to Exhibit (10)d to the Company s Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

j. Form of Restricted Share Award Agreement for Executive Officers. Incorporated by reference to Exhibit (10)e to the Company s Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.
k. Form of Restricted Share Award Agreement for Officers and Employees. Incorporated by reference to Exhibit (10)f to the Company s Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.
l. Form of Restricted Share Award Agreement. Incorporated by reference to Exhibit (10)a to the Company s Quarterly Report on Form 10-Q for the quarter ended August 1, 2009.
m. Form of Indemnification Agreement For Directors. Incorporated by reference to Exhibit (10)m to the Company s Annual Report on Form 10-K for the fiscal year ended January 31, 1993.
n. Form of Non-Executive Director Indemnification Agreement. Incorporated by reference to Exhibit (10.1) to the current report on Form 8-K filed November 3, 2008 (File No. 1-3083).
o. Form of Officer Indemnification Agreement. Incorporated by reference to Exhibit (10.2) to the Company s Quarterly Report on Form 10-Q for the quarter ended November 1, 2008.
p. Supplemental Pension Agreement dated as of October 18, 1988 between the Company and William S. Wire II, as amended January 9, 1993. Incorporated by reference to Exhibit (10)p to the Company s Annual Report on Form 10-K for the fiscal year ended January 31, 1993.
q. Deferred Compensation Trust Agreement dated as of February 27, 1991 between the Company and NationsBank of Tennessee for the benefit of William S. Wire, II, as amended January 9, 1993. Incorporated by reference to Exhibit (10)q to the Company s Annual Report on Form 10-K for the fiscal year ended January 31, 1993.
r. Form of Employment Protection Agreement between the Company and certain executive officers dated as of February 26, 1997. Incorporated by reference to Exhibit (10)p to the Company s Annual Report on Form 10-K for the fiscal year ended February 1, 1997.
s. First Amendment to Form of Employment Protection Agreement.
t. Employment Agreement dated as of March 29, 2010 between the Company and Hal N. Pennington.
u. Trademark License Agreement, dated August 9, 2000, between Levi Strauss & Co. and Genesco Inc. Incorporated by reference to Exhibit (10.1) to the Company s Quarterly Report on Form 10-Q for the quarter ended October 30, 2004.*
v. Amendment No. 1 (Renewal) to Trademark License Agreement, dated October 18, 2004, between Levi Strauss & Co. and Genesco Inc. Incorporated by reference to Exhibit (10.2) to the Company s Quarterly Report on Form 10-Q for the quarter ended October 30, 2004.*
w. Amendment No. 2 (Renewal) to Trademark License Agreement, dated November 1, 2006, between Levi Strauss & Co. and Genesco. Inc. Incorporated by reference to Exhibit (10.1) to the Company s Quarterly Report on Form 10-Q for the quarter ended October 28, 2006.*

x. Amendment No. 4 (Renewal) to Trademark License Agreement, dated May 15, 2009, between Levi Strauss & Co. and Genesco Inc. Incorporated by reference to Exhibit (10)b to the Company s Quarterly Report on Form 10-Q for the quarter ended August 1, 2009.*

y. Genesco Inc. Deferred Income Plan dated as of July 1, 2000. Incorporated by reference to Exhibit (10)p to the Company s Annual Report on Form 10-K for the fiscal year ended January 29, 2005. Amended and Restated Deferred Income Plan dated August 22, 2007. Incorporated by reference to Exhibit (10)r to the Company s Annual Report on Form 10-K for the fiscal year ended February 2, 2008.

z. Non-Employee Director and Named Executive Officer Compensation. Incorporated by reference to Exhibit (10)b to the Company s Quarterly Report on Form 10-Q for the quarter ended October 29, 2005.

aa. 1996 Employee Stock Purchase Plan. Incorporated by reference to Registration Statement on Form S-8 filed September 14, 1995 (File No. 333-62653).

bb. Amended and Restated Genesco Employee Stock Purchase Plan dated August 22, 2007. Incorporated by reference to Exhibit (10)u to the Company s Annual Report on Form 10-K for the fiscal year ended February 2, 2008.

cc. Basic Form of Exchange Agreement (Restricted Stock). Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed April 29, 2009 (File No. 1-3083).

dd. Basic Form of Exchange Agreement (Unrestricted Stock). Incorporated by reference to Exhibit 10.2 to the current report on Form 8-K filed April 29, 2009 (File No. 1-3083).

ee. Form of Conversion Agreement. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed November 2, 2009 (File No. 1-3083).

ff. Form of Conversion Agreement. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed November 6, 2009 (File No. 1-3083).

gg. Settlement Agreement, dated as of March 3, 2008, by and among UBS Securities LLC and UBS Loan Finance LLC, The Finish Line, Inc. and Headwind, Inc. and Genesco Inc. Incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed March 4, 2008 (File No. 1-3083).

(21) Subsidiaries of the Company.

(23) Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm included on page 130.

(24) Power of Attorney

(31.1) Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(31.2) Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32.1) Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(32.2) Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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(99) Financial Statements and Report of Independent Registered Public Accounting Firm with respect to the Genesco Employee Stock Purchase Plan being filed herein in lieu of filing Form 11-K pursuant to Rule 15d-21.

Exhibits (10)b through (10)l, (10)r through (10)t and (10)y through (10)bb are Management Contracts or Compensatory Plans or Arrangements required to be filed as Exhibits to this Form 10-K.

* Certain information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

A copy of any of the above described exhibits will be furnished to the shareholders upon written request, addressed to Director, Corporate Relations, Genesco Inc., Genesco Park, Room 498, P.O. Box 731, Nashville, Tennessee 37202-0731, accompanied by a check in the amount of $15.00 payable to Genesco Inc.

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Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Registration Nos. 333-94249, 333-62653, 333-08463, 333-104908 and 333-128201) and in the Registration Statement on Form S-3 (Registration No. 333-109019) of Genesco Inc. of our reports dated March 31, 2010, with respect to the consolidated financial statements and schedule of Genesco Inc. and Subsidiaries, and the effectiveness of internal control over financial reporting of Genesco Inc., included in this Annual Report (Form 10-K) for the year ended January 30, 2010.

We also consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-62653) pertaining to the Genesco Inc. 1996 Employee Stock Purchase Plan of our report dated March 31, 2010 with respect to the January 30, 2010 financial statements of the Genesco Employee Stock Purchase Plan, which is included as an exhibit to this Form 10-K.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 31, 2010

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ James S. Gulmi
James S. Gulmi
Senior Vice President Finance,
Chief Financial Officer and Treasurer

Date: March 31, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 31st day of March, 2010.

/s/ Hal N. Pennington	Chairman
Hal N. Pennington	
/s/ Robert J. Dennis	President, Chief Executive Officer
Robert J. Dennis	and a Director
/s/ James S. Gulmi	Senior Vice President Finance,
James S. Gulmi	Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ Paul D. Williams	Vice President and Chief Accounting Officer
Paul D. Williams	
Directors:	
James S. Beard*	Matthew C. Diamond *
Leonard L. Berry *	Marty G. Dickens *
William F. Blaufuss, Jr.*	Ben T. Harris *
James W. Bradford*	Kathleen Mason *
Robert V. Dale *	

*By: /s/ Roger G. Sisson
Roger G. Sisson
Attorney-In-Fact

Genesco Inc.
and Subsidiaries
Financial Statement Schedule
January 30, 2010

Schedule 2

Genesco Inc.
and Subsidiaries
Valuation and Qualifying Accounts

Year Ended January 30, 2010

In Thousands	Beginning Balance	Charged to Profit and Loss	Increases (Decreases)	Ending Balance
Reserves deducted from assets in the balance sheet:				
Allowance for bad debts	$ 1,262	$ 400	$ (185)[1]	$ 1,477
Allowance for cash discounts	3	-0-	3 [2]	6
Allowance for wholesale sales returns	1,377	-0-	(9)[3]	1,368
Allowance for customer deductions	79	-0-	(52)[4]	27
Allowance for co-op advertising	331	-0-	23[5]	354
Totals	$ 3,052	$ 400	$ (220)	$ 3,232

Year Ended January 31, 2009

In Thousands	Beginning Balance	Charged to Profit and Loss	Increases (Decreases)	Ending Balance
Reserves deducted from assets in the balance sheet:				
Allowance for bad debts	$ 148	$ 1,074	$ 40[1]	$ 1,262
Allowance for cash discounts	5	-0-	(2)[2]	3
Allowance for wholesale sales returns	776	-0-	601[3]	1,377
Allowance for customer deductions	63	-0-	16[4]	79
Allowance for co-op advertising	775	-0-	(444)[5]	331
Totals	$ 1,767	$ 1,074	$ 211	$ 3,052

Year Ended February 2, 2008

In Thousands	Beginning Balance	Charged to Profit and Loss	Increases (Decreases)	Ending Balance
Reserves deducted from assets in the balance sheet:				
Allowance for bad debts	$ 490	$ 354	$ (696)[1]	$ 148
Allowance for cash discounts	5	-0-	-0-[2]	5
Allowance for wholesale sales returns	816	-0-	(40)[3]	776
Allowance for customer deductions	84	-0-	(21)[4]	63
Allowance for co-op advertising	515	-0-	260[5]	775

Totals	$ 1,910	$ 354	$ (497)	$ 1,767

Note: Most subsidiaries and branches charge credit and collection expense directly to profit and loss. Adding such charges of $9,000 in 2010, $6,000 in 2009 and $518 in 2008 to the addition above, the total bad debt expense amounted to $0.4 million in 2010, $1.1 million in 2009 and $0.4 million in 2008.

(1) Bad debt charged to reserve.

(2) Adjustment of allowance for estimated discounts to be allowed subsequent to period end on receivables at same date.

(3) Adjustment of allowance for sales returns to be allowed subsequent to period end on receivables at same date.

(4) Adjustment of allowance for customer deductions to be allowed subsequent to period end on receivables at same date.

(5) Adjustment of allowance for estimated co-op advertising to be allowed subsequent to period end on receivables at same date.