

GENESCO INC
Form 8-K
January 26, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): January 26, 2011 (January 21, 2011)
GENESCO INC.**

(Exact Name of Registrant as Specified in Charter)

Tennessee

1-3083

62-0211340

(State or Other Jurisdiction of
Incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

**1415 Murfreesboro Road
Nashville, Tennessee**

37217-2895

(Address of Principal Executive Offices)

(Zip Code)

(615) 367-7000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. ENTRY INTO MATERIAL DEFINITIVE AGREEMENT.

On January 21, 2011, Genesco Inc. (the Company) entered into a Second 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 and collateral agent. The Credit Facility effectively replaces the Company's previous \$200.0 million revolving credit facility.

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 \$300.0 million, with a \$40.0 million swingline loan sublimit, a \$70.0 million sublimit for the issuance of standby letters of credit and a Canadian sub-facility of up to \$8.0 million. The facility has a five-year term. Any swingline loans and any letters of credit and borrowings under the Canadian facility 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 \$150.0 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 Credit Facility shall at no time exceed the lesser of the facility amount (\$300.0 million or, if increased at the Company's option, up to \$450.0 million) or the

Borrowing Base, which generally is based on 90% of eligible inventory plus 85% of eligible wholesale receivables (50% of eligible wholesale receivables of the Lids Team Sports business) plus 90% of eligible credit card and debit card receivables less applicable reserves.

Collateral

The loans and other obligations under the Credit Facility are secured by a perfected first priority lien and security interest in all tangible and intangible assets and excludes real estate and leaseholds 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:

Domestic Facility

- (a) LIBOR plus the applicable margin (as defined and based on average Excess Availability during the prior quarter) or
- (b) the applicable margin plus the higher of (i) the Bank of America prime rate, (ii) the federal funds rate plus 0.50% or (iii) LIBOR for an interest period of thirty days plus 1.0%

Canadian Sub-Facility

- (a) for loans made in Canadian dollars, the bankers' acceptances (BA) rate plus the applicable margin or
- (b) the Canadian Prime Rate (defined as the highest of the (i) Bank of America Canadian Prime Rate, (ii) 0.50% plus the Bank of America (Canadian) overnight rate, and (iii) 1.0% plus the BA rate for a 30 day interest period) plus the applicable margin

for loans made in U.S. dollars, LIBOR *plus* the applicable margin or the U.S. Index Rate (defined as the highest of the (i) Bank of America (Canada branch) U.S. dollar base rate, (ii) the Federal Funds rate *plus* 0.50%, and (iii) LIBOR for an interest period of thirty days *plus* 1.0%) *plus* the applicable margin.

The initial applicable margin for base rate loans and U.S. Index rate loans is 1.50%, and the initial applicable margin for LIBOR loans and BA equivalent loans is 2.50%. Thereafter, the applicable margin will be subject to adjustment based on *Excess Availability* for the prior quarter. The term *Excess Availability* means, as of any given date, the excess (if any) of the loan cap (being the lesser of the total commitments and 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 U.S. Index rate loans and at the end of each interest rate period (but not less often than quarterly) for LIBOR loans and BA equivalent loans.

The Company is also required to pay a commitment fee on the actual daily unused portions of the Credit Facility at a rate of (i) 0.50% per annum if less than 50% of the Credit Facility has been utilized on average during the immediately preceding fiscal quarter or (ii) 0.375% per annum if 50% or more of the Credit Facility has been utilized during such fiscal quarter.

Certain Covenants

The Company is not required to comply with any financial covenants unless *Excess Availability* is less than the greater of \$35.0 million or 15% of the loan cap. If and during such time as *Excess Availability* is less than the greater of \$27.5 million or 12.5% of the loan cap, the Credit Facility requires the Company to meet a minimum fixed charge coverage ratio of (a) an amount equal to consolidated EBITDA less capital expenditures and taxes paid in cash, in each case for such period, to (b) fixed charges for such period, of not less than 1.0:1.0.

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 *Excess Availability* is less than the greater of \$35.0 million or 15% of the loan cap 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 and to agreements which would have a material adverse effect if breached, 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.

The foregoing description of the Credit Facility does not purport to be complete and is qualified in its entirety by reference to the credit agreement constituting the Credit Facility, which is attached hereto as Exhibit 10.1.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

The information under Item 1.01 above is incorporated by reference hereunder.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

| Exhibit Number | Description |
|----------------|--|
| 10.1 | Second Amended and Restated Credit Agreement, dated as of January 21, 2011, by and among Genesco Inc., certain subsidiaries of Genesco Inc. party thereto, as Other Domestic Borrowers and GCO Canada Inc., the lenders party thereto and Bank of America, N.A., as Administrative Agent and Collateral Agent. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENESCO INC.

Date: January 26, 2011

By: /s Roger G. Sisson

Name: Roger G. Sisson

Title: Senior Vice President, Secretary and
General Counsel

EXHIBIT INDEX

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