

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
20TH JUDICIAL DISTRICT, DAVIDSON COUNTY, TENNESSEE

GENESCO INC.,)
)
 Plaintiff,)
)
 v.)
)
 THE FINISH LINE, INC., *et al.*,)
) Civil Action No. 07-2137-III
 Defendants,)
)
 v.)
)
 UBS SECURITIES LLC, and)
 UBS LOAN FINANCE LLC,)
)
 Third-Party Defendants.)

DEFENDANTS' ANSWER TO PLAINTIFF'S AMENDED COMPLAINT

Defendants The Finish Line, Inc. ("Finish Line") and Headwind, Inc. ("Headwind"), for their Answer to the Complaint of Genesco Inc. ("Genesco") in this matter state as follows:

First Defense
(Failure to State a Claim)

The Complaint fails to state a claim upon which relief can be granted.

Second Defense
(Answer)

1. Admitted upon information and belief.
- 2-3. Admitted.
4. Section 9.8 of the Merger Agreement speaks for itself and Defendants deny all allegations in Paragraph 4 inconsistent with the terms of that section.
5. Defendants admit that Finish Line, Headwind and Genesco entered into

the June 17, 2007, Merger Agreement, which document speaks for itself. Defendants admit that, as part of the consideration for the merger, Finish Line agreed to pay \$54.50 per outstanding share of Genesco common stock, but deny any implication that was the entire consideration. All remaining allegations in Paragraph 5 inconsistent with the foregoing are denied.

6. Defendants deny the allegations in Paragraph 6 and further aver that the quoted language therein is set forth out of context.

7. Defendants admit that Finish Line has expressed concern and disappointment regarding Genesco's poor financial performance in the retail marketplace since execution of the Merger Agreement and Genesco's failure to provide information and cooperate as it agreed to do in the Merger Agreement. All allegations in Paragraph 7 inconsistent with the foregoing are denied.

8. Defendants deny the allegations in Paragraph 8 and further aver that:

(i) The Finish Line has not been "slow-walking" the financing transaction; rather Genesco has failed to cooperate in a prompt manner with Finish Line with respect to the provision of information required for the draft debt offering memorandum, which is a condition to financing and other requested information.

(ii) Until the filing of this Answer and its supplemental interrogatory responses, Finish Line had not taken the position that Genesco has experienced a Company Material Adverse Effect under Section 3.1 of the Merger Agreement; however, Finish Line had previously advised Genesco that UBS has expressed such concerns and Finish Line has indicated that it has taken UBS's concerns seriously and that Finish Line wants to understand the reasons behind Genesco's diminishing financial performance since signing the Merger Agreement; and

(iii) Finish Line has notified Genesco that its failure to comply with its obligations to provide information and access to personnel requested by Finish Line constitutes a breach of the Merger Agreement.

9. Defendants admit that Finish Line always has said that it will fulfill its obligations in accordance with the terms of the Merger Agreement, the terms of which Genesco currently is in breach of by its failure to provide financial information and full cooperation to Defendants.

All allegations, characterizations or hyperbole in Paragraph 9 inconsistent with the foregoing, including the allegations that Finish Line presently is obligated to close the transaction, are denied.

10. Defendants are without sufficient knowledge or information to admit or deny Genesco's purported motivations for instituting this litigation as set forth in the first sentence of Paragraph 10, but deny that Defendants have breached the Merger Agreement or that Genesco is entitled to any relief. Defendants admit the second sentence of Paragraph 10 but deny that Genesco is entitled to any relief in this action. The remaining allegations of Paragraph 10 are denied, including but not limited to the allegation that the deadline for the required closing was September 19, 2007.

11-17. Defendants are without sufficient knowledge or information to admit or deny the allegations set forth in Paragraphs 11-17.

18. Admitted.

19. Defendants admit upon information and belief the first two sentences of Paragraph 19. Defendants are without sufficient knowledge or information to admit or deny the allegations set forth in the last sentence of Paragraph 19.

20-21. Admitted.

22. Defendants admit the first sentence of Paragraph 22 upon information and belief. Defendants admit that on June 18, 2007, Finish Line and Genesco issued a joint press release, a copy of which is attached as Exhibit 1 to the Complaint and speaks for itself. All allegations in Paragraph 22 inconsistent with or contrary to the terms of such press release are denied.

23. Defendants admit that the Merger Agreement is attached to the Complaint as Exhibit 2. Defendants admit that the parties each had their own financial and legal advisors and

negotiated the terms of the Merger Agreement. The Merger Agreement speaks for itself, and Defendants deny all allegations of Paragraph 23 inconsistent with the terms of the Merger Agreement.

24-33. Paragraphs 24-33 paraphrase, describe and/or purport to quote various provisions of the Merger Agreement. The Merger Agreement speaks for itself and Defendants deny all allegations in Paragraphs 24-33 contrary to or inconsistent with the terms thereof.

34. The Merger Agreement and the Commitment Letter speak for themselves and Defendants deny any and all allegations and/or purported legal conclusions in Paragraph 34 inconsistent with or contrary to the terms of such agreements.

35. The Merger Agreement speaks for itself and Defendants deny any and all allegations and/or purported legal conclusions in Paragraph 35 inconsistent with or contrary to the terms of that agreement.

36. Admitted.

37. Defendants admit the first sentence of Paragraph 37. As to the second sentence, Defendants deny that the proposed timeline referenced therein was directed solely at the activities of Finish Line as the timeline dealt with the obligations of several parties, not just Finish Line.

38-40. Defendants admit that a copy of the Commitment Letter is attached to the Complaint as Exhibit 3. The Commitment Letter speaks for itself and Defendants deny any and all allegations and/or purported legal conclusions in Paragraphs 38-40 inconsistent with or contrary to the terms of the Commitment Letter.

41-43. The defendants admit that a copy of an informal timeline exchanged between the parties is attached to the Complaint as Exhibit 4. The timeline referenced in Paragraphs 41-43

speaks for itself and Defendants deny any and all allegations and/or purported legal conclusions in Paragraphs 41-43 inconsistent with or contrary to the terms of such timeline, including but not limited to all allegations or implications that the timeline was a commitment or agreement on the part of any party to meet the dates set forth therein.

44. Defendants admit that Genesco filed its preliminary proxy on July 11, 2007, and that on July 23, 2007, the SEC notified Genesco that the preliminary proxy statement would not be reviewed. All remaining allegations of Paragraph 44 are denied.

45. Defendants admit that in late July 2007 counsel for Finish Line had discussions with counsel for Genesco regarding the timing of aspects of the financing for the transaction. All allegations in Paragraph 45 inconsistent with the foregoing are denied.

46. The allegations set forth in Paragraph 46 are admitted except that Defendants deny that Finish Line did not have “any objection” to Genesco’s setting the shareholder meeting on September 17, 2007, as the allegation is incomplete. Defendants further aver that at the time it set such meeting, Genesco indicated that it expected the closing of the merger transaction to take place two business days following Genesco’s shareholders meeting, assuming shareholder approval. In response, Finish Line advised Genesco in writing that the merger could not close within two days of Genesco’s shareholder vote as there were still conditions to be fulfilled including conditions required for the UBS financing commitment, including a substantially completed draft debt offering memorandum and the thirty (30) business day marketing period, before UBS was obligated to fund the loans. Genesco’s counsel, however, informed Finish Line’s counsel that it wanted to accelerate the closing of the Merger because it did not want Genesco to be exposed to further risk of a Company Material Adverse Effect.

47. Denied.

48. Defendants admit that counsel for Finish Line sent a letter to counsel for Genesco on July 27, 2007, which document speaks for itself, and Defendants deny all allegations in Paragraph 48 inconsistent with or contrary to the terms of that letter.

49-50. The Merger Agreement speaks for itself and Defendants deny any and all allegations or purported legal conclusions in Paragraph 49 inconsistent with or contrary to the terms of that document.

51. Defendants admit that in response to Finish Line's counsel's letter of July 27, 2007, on July 31, 2007, Genesco's counsel sent a letter to Finish Line's counsel indicating that it did not agree with Finish Line's counsel's letter but not providing any explanation or support for the statements of Genesco's counsel, nor reserving Genesco's rights. All allegations in Paragraph 51 inconsistent with the foregoing are denied.

52. Defendants admit that Mr. Pennington on July 27, 2007, sent an undated letter to the general counsel of Finish Line, and that the general counsel of Finish Line sent a letter to Mr. Pennington earlier that day. Each of these letters speaks for itself and Defendants deny all allegations in Paragraph 52 inconsistent with or contrary to the terms of such letters.

53. Defendants admit that counsel for Finish Line, by letter dated August 7, 2007, responded to Genesco's counsel's letter of July 31, 2007, and that such letter, which speaks for itself, set forth a proposed timetable that was "The Finish Line's current estimate and does not represent an agreement to meet any specific date. Of course, this schedule for the Closing is contingent upon Genesco fulfilling its obligations under the Agreement and all conditions to The Finish Line's obligations being fully complied with on or before Closing." Defendants deny all allegations in Paragraph 53 inconsistent with or contrary to the foregoing or the other terms of the July 31, 2007, letter.

54-56. Denied.

57. Defendants deny that Finish Line has breached the Merger Agreement in any respect or that Genesco has “excused” Defendants for such breach. Defendants admit that Genesco provided certain information relative to Genesco’s ongoing second quarter financial performance as Finish Line continued drafting its offering memorandum, but deny that (a) such information was of the type or in the form that could be used for drafting the debt offering memorandum (a fact known to Genesco) and (b) that such information was sufficient to put Finish Line on notice of the actual decline in second quarter results that would later be issued by Genesco. All remaining allegations in Paragraph 57 inconsistent with the foregoing are denied.

58. Admitted, with the exception that Defendants are without sufficient knowledge or information to admit or deny the date upon which Genesco mailed its Final Definitive Proxy Statement to its shareholders.

59. Defendants admit that Genesco released its second quarter earnings of 2007 on August 30, 2007. Genesco’s earnings announcement speaks for itself and Defendants deny all allegations in Paragraph 59 inconsistent with or contrary to the terms of such announcement. Defendants admit that Genesco’s second quarter earnings were well below analyst expectations and public earnings guidance issued by Genesco. All remaining allegations of Paragraph 59 are denied.

60. Defendants incorporate by reference their response to Paragraph 57. Defendants admit that Finish Line issued a press release on August 30, 2007, which speaks for itself, and Defendants deny all allegations of Paragraph 60 inconsistent with or contrary to the terms of such press release. Defendants deny the remaining allegations of Paragraph 60.

61. Defendants admit that UBS wrote a letter to Finish Line on September 11, 2002, which Finish Line forwarded to Genesco pursuant to the terms of the Merger Agreement and which letter speaks for itself. Defendants deny all allegations in Paragraph 61 inconsistent with or contrary to the terms of such letter. All remaining allegations in Paragraph 61 are denied.

62. Defendants admit that Finish Line released its second quarter sales figures on September 6, 2007, not September 13, 2007, as alleged. Such sales figures release speaks for itself and Defendants deny all allegations in Paragraph 62 inconsistent with or contrary to the terms of such release.

63. Finish Line's September 6, 2007, sales figures release speaks for itself and Genesco's August 30, 2007, earnings release speaks for itself, and Defendants deny all allegations in Paragraph 63 inconsistent with or contrary to the terms of such releases. All remaining allegations in Paragraph 63 are denied.

64. Defendants admit that UBS sent a letter to Finish Line on September 13, 2007, which letter Finish Line forwarded to Genesco as per the terms of the Merger Agreement and which letter speaks for itself. Defendants deny all allegations in Paragraph 64 inconsistent with or contrary to the terms of such letter.

65. Defendants are without sufficient knowledge or information to admit or deny when Genesco learned the information alleged but admit that certain meetings with the rating agencies were cancelled. The Commitment Letter speaks for itself and Defendants deny all allegations in Paragraph 65 inconsistent with or contrary to the terms of the Commitment Letter.

66. Denied.

67. Defendants admit that Finish Line issued a press release on September 14, 2007, which speaks for itself, and Defendants deny all allegations in Paragraph 67 inconsistent with or contrary to the terms of such release. The remaining allegations of Paragraph 67 are denied.

68. Defendants admit that Genesco issued a press release on September 14, 2007, which speaks for itself, and Defendants deny all allegations in Paragraph 68 inconsistent with or contrary to the terms of such release.

69. Defendants admit on information and belief that Genesco held its special shareholders meeting on September 17, 2007, and that its shareholders voted in favor of the merger. All remaining allegations or characterizations of Paragraph 69 are denied.

70. Defendants admit that Finish Line's counsel received an e-mail from UBS on September 18, 2007, and promptly forwarded such e-mail to counsel for Genesco on September 18, 2007, pursuant to the terms of the Merger Agreement. These e-mails speak for themselves, and Defendants deny all allegations in Paragraph 70 inconsistent with or contrary to the terms of such e-mails. All remaining allegations and purported legal conclusions in Paragraph 70 are denied.

71. The definition of a "Company Material Adverse Effect" contained in Section 3.1 of the Merger Agreement speaks for itself, and Defendants deny all allegations in Paragraph 71 inconsistent with or contrary to the terms of the totality of such definition.

72. Denied.

73. Defendants admit that the Merger Agreement was negotiated at arm's length by the parties and their respective legal and financial advisors. The Merger Agreement speaks for itself, and Defendants deny all allegations in Paragraph 73 inconsistent with or contrary to the terms of such document. All remaining allegations of Paragraph 73 are denied.

74-75. Denied.

76. Defendants admit that Genesco has provided Finish Line with certain financial and other information, subject to the terms of the Merger Agreement and a confidentiality agreement, but deny that Genesco has provided Finish Line with all information as to which Finish Line has requested and is entitled to pursuant to the terms of the Merger Agreement. All remaining allegations of Paragraph 76 are denied.

77. Defendants admit that pursuant to the terms of the Merger Agreement and a confidentiality agreement, Genesco executives have conducted meetings with Finish Line executives, including the discussion of business operations and financial matters. All remaining allegations or characterizations of Paragraph 77 are denied.

78-80. Denied.

81-87. The first sentence of Paragraph 81 contains legal assertions to which no response is required. Defendants are without sufficient knowledge or information to admit or deny the remaining allegations in Paragraphs 81-87, except that to the extent any such allegations are intended to allege or imply wrongdoing on the part of Finish Line or to entitle Genesco to relief in this matter, such allegations are denied.

CLAIM FOR RELIEF:
DEMAND FOR SPECIFIC PERFORMANCE

88. Defendants hereby incorporate their responses to Paragraphs 1-87 above.

89-90. The Merger Agreement speaks for itself, and Defendants deny any allegations and/or legal conclusions in Paragraphs 89-90 inconsistent with or contrary to the terms of the agreement.

91. Denied.

Count 1: Breach of Section 1.2 of the Merger Agreement

92. Defendants hereby incorporate their responses to Paragraphs 1-91 above.

93. Denied.

94. The first sentence of Paragraph 94 is admitted. All remaining allegations of Paragraph 94 are denied.

95-96. Denied.

Count 2: Breach of Section 6.4(d) of the Merger Agreement

97. Defendants hereby incorporate their responses to Paragraphs 1-96 above.

98. Denied.

99. Section 6.4(d) of the Merger Agreement speaks for itself, and Defendants deny all allegations or legal conclusions in Paragraph 99 inconsistent with or contrary to the terms of that section.

100-102. Denied.

Count 3: Breach of Section 6.7 of the Merger Agreement

103. Defendants hereby incorporate their responses to Paragraphs 1-102 above.

104. Denied.

105. Section 6.7 of the Merger Agreement speaks for itself and Defendants deny all allegations or legal conclusions in Paragraph 105 inconsistent with or contrary to the terms of that section.

106-108. Denied.

Count 4: Breach of Section 6.8(a) of the Merger Agreement

109. Defendants hereby incorporate their responses to Paragraphs 1-108 above.

110. Denied.

111. Section 6.8(a) of the Merger Agreement speaks for itself, and Defendants deny all allegations or legal conclusions in Paragraph 111 inconsistent with or contrary to the terms of that section.

112-113. Denied.

ALTERNATIVE CLAIM FOR RELIEF: DAMAGES

114. Denied.

All allegations in Genesco's Complaint not specifically admitted above are hereby denied.

Third Defense
(Ripeness)

Genesco's claims are not ripe for adjudication.

Fourth Defense

(Failure Conditions Precedent / Breaches of Representations and Warranties)

Genesco's claim for specific performance fails due to the failure of one or more conditions precedent to Defendants' obligations to closing; including, but not limited to Genesco's failure to meet or comply with one or more material covenants, representations, other agreements or other conditions to closing set forth in the Merger Agreement. This includes, but is not limited to, Genesco's failure to provide information requested by Defendants and Genesco's suffering of a Company Material Adverse Effect.

As detailed in Defendants' counterclaim in this action, Genesco breached Sections 6.3 and 6.8(b) of the Merger Agreement when it refused to provide information requested by Finish Line's lender, UBS. Section 6.3 requires Genesco to provide Defendants and UBS with access to wide scope of financial information, while Section 6.8(b) requires that Genesco cooperate in

Defendants' efforts to secure financing. Under Section 7.2(a) of the Merger Agreement, Genesco's compliance with these agreements are a necessary condition to closing.

In addition to this, Genesco has also suffered a Company Material Adverse Effect based upon the precipitous decline in its earnings in the second and third quarters of fiscal year 2008. Under Section 7.2(b), it is a condition precedent to closing that Genesco has not suffered a Company Material Adverse Effect. Section 3.1(a) defines a "Company Material Adverse Effect" as "any event, circumstance, change or effect that, individually or in the aggregate, is materially adverse to the business, condition (financial or otherwise), assets, liabilities or results of operations" of Genesco. Under this standard, Genesco has suffered a material adverse effect that manifested itself in the dramatic drop in Genesco's earnings. This decline in earnings affected Genesco's business and results of operations both adversely and materially.

First, Genesco's earnings drop is plainly adverse. In the second quarter, Genesco's earnings per share declined 100% (before discontinued operations and merger expenses) to \$0.0 earnings per share compared to the same period from the previous year when Genesco's earnings per share were \$0.24. This amounted to a \$0.30 decline in earnings per share from the last guidance Genesco had given to Defendants and the public before the end of the quarter. What is more, there is no indication Genesco's decline has bottomed out. Genesco's most recent financials instead indicate that it is poised to suffer another substantial drop in earnings in the third quarter.

Second, this dramatic drop is also material because it threatens Finish Line's ability to pay the debt it will incur in financing the Merger. The Merger is a heavily leveraged transaction with financing from UBS accounting for nearly 100% of the purchase price. Prior to execution of the Merger Agreement, the parties knew that Defendants were depending on sustained

earnings from Genesco to pay off this debt. Finish Line would never have entered into the Merger Agreement had it known Genesco was teetering on the brink of a deep and fundamental decline. Most troubling, this decline now extends across two quarters, strongly indicating that something has fundamentally changed in Genesco's business.

This fundamental change in Genesco's financial position also raises serious doubts that Finish Line and the combined company will be solvent following the Merger. The ability of Finish Line and the combined enterprise to emerge solvent from the Merger is an additional condition precedent to the Merger Agreement under Sections 4.9 and 7.3. The failure of this condition would constitute yet another reason Genesco is not entitled to specific performance.

At this time, the precise causes of Genesco's decline are not known but will instead be the subject of continued discovery and expert testimony. Importantly, Genesco has retreated from its original explanation for the drop. Genesco previously blamed its problems primarily on a shift in certain states back-to-school dates and tax holidays. But in its recent interrogatory responses, Genesco all but abandoned this position. Instead, Genesco now argues that the shift was only one of many factors in its decline, the most important of which are general economic trends adversely affecting the retail industry. This switch by Genesco demonstrates its recognition of the seriousness of its decline and constitutes an effort on its part to wedge its worsening results into the carve-outs to the material adverse effect definition contained in Section 3.1(a) of the Merger Agreement.

Finally, Defendants' assertion here that Genesco has suffered a material adverse effect constitutes written notice under Section 6.10 of the Merger Agreement that Genesco is in breach of the agreement.

Fifth Defense
(Change of Circumstances)

Genesco's claim for specific performance fails because it would work an unjust and unreasonable hardship and/or loss on Defendants in the absence of financing for the transaction.

Sixth Defense
(Impossibility of Performance)

One or more of Genesco's claims may be barred by the doctrine of impossibility of performance.

Seventh Defense
(Unclean Hands)

Genesco is not entitled to the equitable relief sought herein because it comes into this proceeding with unclean hands.

Eighth Defense
(Intentional and Negligent Misrepresentation In The Inducement)

Genesco is not entitled to enforce the Merger Agreement through a claim for specific performance or damages because it intentionally and/or negligently induced Defendants into entering into the Merger Agreement. Genesco did this by both failing to provide Defendants with material information and by making material misstatements of fact to Defendants prior to execution of the Merger Agreement on June 17, 2007.

First. Genesco intentionally, or negligently, failed to provide Defendants with information that showed that Genesco stood no chance of meeting its projections for the second quarter fiscal year 2008. By early June 2007, Genesco had received its actual May 2007 operating results. These results were disastrous and called into question Genesco's ability to meet its second quarter projections. On top of this, by its own admission, Genesco also knew by at least early June that its second quarter projections were based on the erroneous assumption that certain state's back-to-school dates and tax holidays fell during the second quarter. Despite

this, Genesco intentionally, or negligently, failed to provide Defendants, prior to execution of the Merger Agreement, with its May operating results or tell Defendants that Genesco's second quarter projections mistakenly relied on certain back-to-school dates and tax holidays occurring in the quarter.

Second, instead of providing Defendants with this material information, Genesco instead intentionally, or negligently, assured Defendants that Genesco's second quarter projections remained accurate. In a telephone conference held on June 14, 2007, Genesco's representatives told representatives of Defendants that its second quarter projections were accurate. Genesco made these representations despite the fact that it knew by then that its May results were disastrous and that the back-to-school dates and tax holidays it was counting on were now in the third quarter. Accordingly, Genesco knew, or should have know, that these representations were false.

Defendants reasonably relied on these omissions and misstatements of material fact in entering into the Merger Agreement. In particular, Defendants relied on the accuracy of Genesco's second quarter projections in securing financing for the Merger, and in obtaining fairness and solvency opinions on the Merger. As a result, Defendants suffered injury by entering into the Merger Agreement while unaware that Genesco was in the midst of a financial free-fall, for which there still appears to be no bottom.

Ninth Defense
(Lack of Standing)

To the extent Genesco's claim for damages for breach of contract seeks damages for, or on behalf of, Genesco's shareholders for the loss of the merger premium, Genesco lacks standing to pursue such damages. Section 9.5 of the Merger Agreement expressly disclaims such shareholders as third-party beneficiaries.

In addition to the enumerated defenses identified above, Defendants reserve the right to raise any additional defenses made known to them through discovery. This would include the failure of any other conditions to closing set forth in the Merger Agreement. This includes, but is not limited to, the representations and warranties under Section 4.9 that Finish Line and the combined enterprise will be solvent and under Section 3.17 that performance of the Merger Agreement will not violate any law.

WHEREFORE, Defendants demand that Genesco's Complaint be dismissed with prejudice, with costs and fees, including any attorneys fees awardable, taxed to Genesco, and for such other and further relief as the Court deems just and proper.

DEFENDANTS' COUNTERCLAIM

Having responded to the Complaint filed against them, Finish Line and Headwind (collectively "Finish Line") assume the position of Counter-Plaintiffs and file this counterclaim against Genesco for having intentionally, or negligently, misrepresented its financial condition in order to induce Finish Line into entering the Agreement and Plan of Merger ("Merger Agreement") (Merger Agreement attached as Exhibit 2 to Genesco's Complaint) dated as of June 17, 2007. In support of their claim, Finish Line alleges the following:

PARTIES

1. Headwind, Inc., is a wholly owned subsidiary of Finish Line, and is a corporation organized under the laws of the state of Tennessee. It was formed to effectuate the merger between Finish Line and Genesco.

2. The Finish Line, Inc., is a corporation organized under the laws of the state of Indiana, with its principal place of business in Indianapolis, Indiana. Finish Line is a large mall-based specialty retailer of footwear and apparel.

3. Genesco Inc. is a corporation organized under the laws of the state of Tennessee with its principal place of business in Nashville, Tennessee. Genesco is a specialty retailer of footwear, headwear, and accessories with over 2,000 retail stores in the United States and Canada.

JURISDICTION AND VENUE

4. The Court has jurisdiction over the parties and subject matter of this action pursuant to Tenn. Code Ann. §§ 16-11-101, 16-11-103, and 29-14-102.

5. Venue is proper in this Court pursuant to Tenn. Code Ann. § 20-4-101(a).

FACTS

6. In the spring of 2007, Finish Line and Genesco began negotiating over a possible merger of the two companies. Under the proposed agreement, Genesco would become a wholly owned subsidiary of Finish Line, and Finish Line would purchase all of Genesco's outstanding shares of common stock.

7. In early June 2007, in the midst of negotiations between Genesco and Finish Line, Genesco received its actual May 2007 operating results. These results were disastrous and called into question Genesco's ability to meet its second quarter fiscal year 2008 projections.

8. Also by early June 2007, Genesco realized, by its own admission, that its second quarter projections were based on the erroneous assumption that certain state's back-to-school dates and tax holidays occurring in the quarter.

9. Despite this, Genesco failed to provide Finish Line with its May operating results or inform Finish Line that Genesco's second quarter projections mistakenly relied on certain back-to-school dates and tax holidays occurring in the quarter.

10. Instead of providing Finish Line with this material information, Genesco assured Finish Line that Genesco's second quarter projections remained accurate. In a telephone conference held on June 14, 2007, Genesco's representatives told representatives of Finish Line that its second quarter projections were accurate. Genesco made these representations despite the fact that it knew by then that its May results were disastrous and that the back-to-school dates and tax holidays it was counting on were now in the third quarter. Accordingly, Genesco knew, or should have know, that these representations were false.

11. Finish Line reasonably relied on these omissions and statements of material fact in entering into the Merger Agreement. In particular, Finish Line relied on the accuracy of Genesco's second quarter projections in securing financing for the Merger, and in obtaining fairness and solvency opinions on the Merger.

12. Finish Line ultimately entered into the Merger Agreement with Genesco on June 17, 2007.

**COUNTERCLAIM BASED ON GENESCO'S INTENTIONAL, OR NEGLIGENT,
MISREPRESENTATION IN THE INDUCEMENT**

13. Finish Line hereby incorporate by reference paragraphs 1 through 12.

14. Genesco failed to provide Finish Line with material information and made material misstatements of fact to Defendants prior to execution of the Merger Agreement on June 17, 2007.

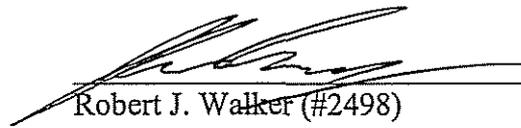
15. Finish Line reasonably relied on these omissions and statements of material fact by entering into the Merger Agreement.

16. As a result, Finish Line suffered injury by entering into the Merger Agreement while unaware that Genesco was in the midst of a financial free-fall, for which there still appears to be no bottom.

WHEREFORE, Defendants requests:

- (a) a declaration that the Merger Agreement is void;
- (b) an award of damages to Defendants based on Genesco's intentional or negligent misrepresentations; and
- (c) such other relief to which Defendants may be entitled.

Respectfully submitted,



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Attorneys for Defendants and Third-Party Plaintiffs

Certificate of Service

I certify that a true and exact copy of the foregoing was served by hand delivery upon Overton Thompson, III, Britt K. Latham, W. Brantley Phillips, Jr., Brian D. Roark, and Russell E. Stair, BASS, BERRY & SIMS PLC, Suite 2700, 315 Deaderick Street, Nashville, Tennessee 37238-3001, and by United States mail, first-class postage prepaid Jonathan D. Schiller, James P. Denvir, Michael A. Brille, William C. Jackson, and Jonathan M. Shaw, BOIES, SCHILLER & FLEXNER LLP, Suite 800, 5301 Wisconsin Avenue, N.W., Washington, D.C. 20015, on the 15th day of November, 2007.

A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to be "Jonathan D. Schiller".