

CFA-DFW/HSFA Student Research

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Investment Research Challenge™ - Texas.

Men's Wearhouse

April 3, 2008

Ticker: MW (NYSE)

Recommendation: BUY

Price: \$24.43

One-Year Price Target: \$37.00

**Industry:
Specialty Retail**

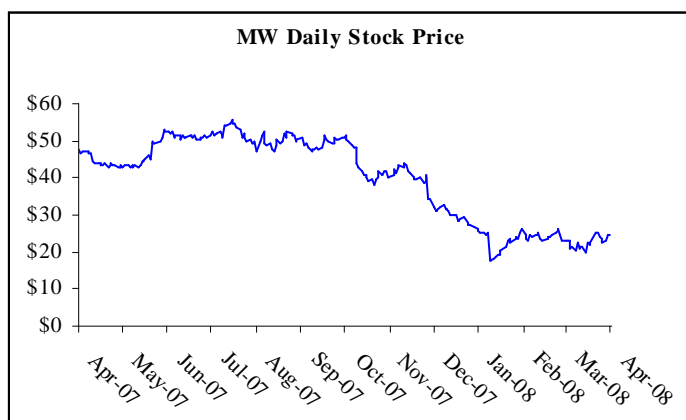


Earnings/Share

	Apr.	Jul.	Oct.	Jan.	Year	P/E Ratio
2006	\$0.41	\$0.43	\$0.44	\$0.60	\$2.71	9.01x
2007	0.53	0.65	0.58	0.95	2.73	8.95x
2008E	0.18	0.75	0.40	0.58	1.91	12.79x

Highlights

- BUY recommendation based on financial strength and under-valued stock price:**
Our analysis supports a one-year price target of \$37.00. We are initiating a BUY because the firm's current market value is at a significant discount to our estimate of intrinsic value.
- Revenue Drivers:**
Our analysis is based on new store openings and revenue per store based on historical figures and comp store growth expectations. Our top-down approach assumes a market turnaround during 2009, providing steady, increasing growth over the next five years for the Men's Wearhouse, K&G, Moores and MW Tux stores.
- Margin Drivers:**
Margins are strengthened due to tuxedo rentals regardless of strong or weak economic cycles. Increased use of direct sourcing for inventory purchases will reduce costs. Furthermore, sales of private label suits will increase from 65% of suit sales to 75%, driving clothing product margins higher.



Market Profile	
52 Week Price Range	\$16.76 - \$56.64
Average Daily Volume	1,707,280
Beta	1.25
Dividend Yield (Estimated)	1.10%
Shares Outstanding	51.4 m
Market Capitalization	\$1.27 B
Institutional Holdings	93%
Book Value per Share (2/2/08)	\$15.64
Debt to Total Capital	7%
Return on Equity	18%

Investment Summary

BUY recommendation based on financial strength and under-valued stock price:

Our intrinsic value is driven from our hybrid DCF and multiples valuation analyses, showing an equal-weighted average intrinsic value of \$33.56/share, equating to a 37% premium to the current market price. We used a five-year DCF analysis and a comparable multiples valuation to get price targets of \$34.56 and \$32.55, respectively. We used an extensive comparable multiples valuation method, which included five companies and seven comparable multiples. The five companies included Jos. A Banks, Macy's, JC Penney, Nordstrom and Kohl's. We also used seven equal weighted comparable multiples: TTM P/E, Avg P/E, P/S, PEG, P/B, EV/S and EV/EBITDA. *Please see Exhibit 2 for further details.*

Revenue Drivers:

Men's Wearhouse has been negatively affected by the current market slowdown. Management believes that revenues during H1 2008 will continue to drag but perform better during H2 2008. Our analysis has revenues improving during 2009 and going forward. Revenues will be driven primarily by new stores and same store sales growth. Due to management guidance, our model has Men's Wearhouse stores increasing from 563 to 650 over the next five years. During the same time, we also believe After Hours stores will increase from 489 to 605. Our model has KG and Moores stores remaining flat at 105 and 116, respectively. Our final revenue driver will come from improved sales to the younger demographic due to management's increasing advertising plans to that particular market.

Margin Drivers:

Margins are strengthened due to cost cutting measures and strong margin sales from rentals. Management plans to continue their direct sourcing plan. This strategy will allow the firm to obtain fabric and finalized products cheaper than using third parties, which will further reduce costs. Tuxedo rentals provide the strongest margins and maintain sales during both strong and weak economic cycles. Increased sales of private label suits, as a percentage of total suit sales, will also improve margins. Due to these factors, our gross margin forecast improves over the next five years from 45.9% to 47%.

Business Description

The Men's Wearhouse (NYSE: MW) is the leading retailer of men's business apparel and tuxedo rentals, in terms of market share, in the United States and Canada. The firm was founded in 1973 and is headquartered in Houston, Texas. As of February 2, 2008, the firm operated 1,273 retail stores under four brand names.

Men's Wearhouse Operates Under Four Store Brands

The Men's Wearhouse brand has 563 stores in 46 states which target middle to upper-middle income men with a broad selection of designer, brand name, and private label merchandise. This merchandise includes suits, sport coats, slacks, formal wear, business casual, sportswear, outerwear, dress shirts, shoes, and accessories. Management believes the firm can offer quality clothing products at 20-30% below regular prices offered at traditional department and specialty stores. In 1999, the Men's Wearhouse brand stores began offering tuxedo rental services which increased revenues without a significant increase in resources such as personnel or store space. Tuxedo rentals provide a more constant revenue stream since apparel for weddings and proms are not affected much by economic conditions. Additionally, management believes this inelastic service provides increased store traffic by bringing in younger and first-time customers. In 2007, the Men's Wearhouse brand generated 58% of the firm's revenues (See Figure 1 below for more details). In 2008, the firm plans to open 20 additional Men's Wearhouse brand stores according to the current 10-K.

The Moores Clothing for Men brand operates 116 stores throughout Canada and offers merchandise and pricing similar to the Men's Wearhouse brand. It was acquired in 1999 in an effort to expand MW's reach geographically. Moores generated 12% of 2007 revenues. Management plans to open one additional Moores store in 2008.

The K&G Fashion Superstore was acquired in 1999 and operates 105 stores in 28 states and targets a more price-sensitive customer. K&G offers a broad merchandise mix across all major categories, including tailored clothing, casual sportswear, dress furnishings, footwear, and accessories. Eighty-nine of the K&G brand stores currently offer women's apparel. In 2007, the K&G brand accounted for 19% of total revenue. The company plans a net increase of two K&G stores in 2008 according to management.

Acquisition of After Hours Formalwear Tuxedo Rental Business

On April 9, 2007, the firm acquired After Hours Formalwear from Federated Department Stores, now Macy's (NYSE: M), for \$100 million, paying net cash of \$69.8 million. The deal included 509 stores operating under the After Hours Formalwear and Mr. Tux store fronts. The stores have since been re-branded as MW Tux and, as of February 2, 2008, there were 489 stores in 35 states. MW Tux provides tuxedo rental services and has a preferred relationship with David's Bridal, Inc., the nation's largest bridal retailer. Management is planning a net increase of 14 MW Tux stores in 2008.

Other Sources of Revenue

MW also has some other, smaller sources of revenue. The firm operates 36 retail dry cleaning and laundry facilities in the Houston area, and also provides corporate clothing/uniforms via contracts with UPS and US Airways, among others. These services currently make up less than 2% of total revenues. Expansion in the retail dry cleaning will be slow as it is both a labor and capital intensive business. Although this segment broke-even in 2007, MW plans to open 5 more stores in the Houston area in 2008. The corporate clothing segment, operating under the Twin Hill brand, appears more promising. Management forecasts annual revenue growth of 25% based on existing client relationships and potential contracts. This business is less cyclical and offers higher operating margins than the current business mix at MW. It currently services 10 contracts.

Purchasing and Distribution

MW procures its clothing product from over 800 vendors around the world. In 2007, no single vendor accounted for more than 10% of purchases. Due to the nature of the merchandise, MW is able to buy in large volumes well in advance of the season which allows the firm to get better prices. MW also uses a direct sourcing approach for a significant portion of its inventory. This allows the firm to obtain fabric and assembly cheaper than buying through third parties. Current global economic conditions favor using vendors in the Pacific Rim. Direct sourcing accounted for 38% of U.S. inventory purchases in 2007, up from just 30% in 2004. Direct sourcing is expected to represent 36% and 55% of U.S. and Canadian purchases in 2008, respectively. MW has also made an effort to sell more private label suits which have higher margins. Currently, about 65% of suit sales are private label with a management target of 75%. Just a few years ago, only 40% of suit sales were private label. All Men's Wearhouse merchandise, and a significant portion of K&G, is shipped from the vendor to a central distribution warehouse hub located in Houston. From there, merchandise is shipped to regional warehouses and stores.

On March 3, 2008, the firm announced it will be closing its Golden Brand manufacturing facility in Montreal, Quebec in July 2008 at a pre-tax cost of about \$8.5 million. Over the past few years, Golden Brand has provided a lower percentage of inventory purchases for Men's Wearhouse and Moores as it became less competitive compared to foreign imports.

Growth Strategy

According to management, MW plans to grow in a variety of ways. First, it will open apparel and tuxedo rental stores in new and existing markets. According to the most recent 10-K filing, management plans a net increase of 37 stores in 2008. They have also noted that growth at K&G will be limited until operational problems are resolved. MW plans to relocate or renovate an additional 45 stores in 2008. Second, the firm will attempt to expand its retail dry cleaning and corporate apparel programs. While corporate apparel shows potential, it appears retail dry cleaning has very limited growth prospects in the near-term. Lastly, MW plans to identify strategic acquisition opportunities, including international operations.

Uses of Cash Flows

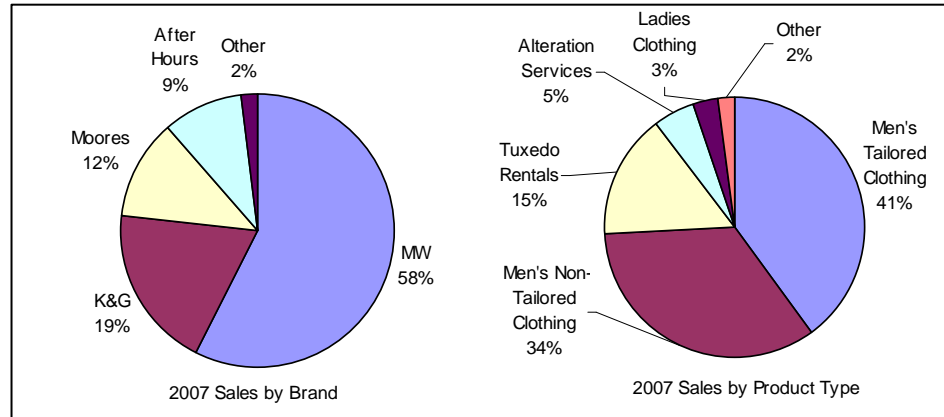
The firm has been able to generate significant free cash flows over the past five years averaging around 3% of sales (free cash flow is calculated as EBITDA less taxes, increases in non-cash working capital, capital expenditures, and acquisitions). Management has forecasted that 2008 capital expenditures will be \$74 million. MW has a stock buyback program which has repurchased \$90, \$40, and \$106 million worth of stock in 2005, 2006, and 2007, respectively. This represents an average purchase price of \$28.21, \$35.53, and \$35.54 per share. There is currently \$44 million remaining in the firm's authorized repurchase program. MW initiated a dividend program in 2006 and paid out \$12.4 million in 2007 which amounts to a current dividend rate of \$0.28/share, or a 1.10% yield. The company has only one class of common equity outstanding.

Insider and Institutional Holders

George Zimmer, age 59, is the founder, Chairman, and CEO of Men's Wearhouse and holds a 6.9% stake in the company. The company does not discuss publicly its succession plans or a target retirement date for the long time leader. Top institutional investors include Fidelity Management & Research, PRIMECAP Management Co., Vanguard Group, Inc., Maverick Capital Ltd., and Barclays Global Investor NA which

together hold over 31% of the outstanding shares. These investors are large, well-respected investment firms, with sound investment philosophies. The investments from these strong institutional holders in Men’s Wearhouse support our view of the Company’s future stock price growth.

Figure 1: 2007 Men’s Wearhouse Revenues by Brand and Product Type



Source: Men’s Wearhouse 10-K for period ending February 2, 2008

Industry Overview and Competitive Positioning

The Men’s Dress Apparel industry is highly competitive with “pure-play” retailers such as Men’s Wearhouse, Jos. A Bank, and Brooks Brothers competing with major department stores such as Macy’s, JC Penney, and Nordstrom. Men’s “wear-to-work” business attire is considered to be less exposed to changes in fashion and is therefore less susceptible to huge markdowns and promotional pricing used by other specialty clothing retailers. This means that a suit that doesn’t sell this season can easily be carried over to next season. Over the past decade, the workplace has evolved into a more business casual environment. This can be seen in MW’s product mix as it now generates only 54% of its men’s clothing sales from tailored clothing versus 59% in 2000. The prices for suits offered at Men’s Wearhouse brand stores range from \$199-499, with an average selling price of \$280. It is important to note that 60% of suits sold in the U.S. are priced at less than \$200. At these price points, discount retailers such as JC Penney and Wal-Mart are major players. MW competes in this space using its K&G Fashion Superstore brand which generates 35% of its revenues via tailored clothing.

The Men’s Dress Apparel industry is essentially a no-growth industry that is highly correlated with overall economic conditions and employment. In the case of Men’s Wearhouse, same-store sales move in tandem with non-farm payrolls reported by the U.S. Department of Labor (See Exhibit 13 at the end of this report). This correlation should lessen with the addition of After Hours since the tuxedo rental business is more immune to economic turbulence than traditional men’s apparel. Management expects tuxedo rentals to contribute 16% of revenues in 2008. Men’s Wearhouse appears to be strongly positioned as the market leader in all categories, in terms of sales. According to NPD Fashionworld Consumer Data, MW is the leader in Dress Apparel with 10% market share, and Men’s Suits with 18% market share (See Exhibits 11 and 12). MW management believes the company now leads the tuxedo rental industry with a 30% market share after the acquisition of After Hours in 2007.

Turning to the overall market, it appears the peak of the previous business cycle occurred in November 2006, marking the end of a four-year expansion from the previous economic downturn in 2001-2002. The current economic weakness seems to have two major drivers which have a direct and adverse affect on the consumer. First, the credit crisis and its relation to the housing market has sent housing prices lower, taking a significant source of consumer wealth with it. Areas particularly hard hit, such as California and Florida, are states that generate about 20% of MW revenues, according to management. The second factor is inflation. Consumers have seen the price of everything from food to fuel rise due to the soaring commodities market. This has raised the cost of living and forced consumers to curtail spending on discretionary items. Some analysts call for a recovery in the second half of 2008 while others think these problems will be more protracted and carry over into 2009. Either way, the next 12-18 months look to be difficult for companies that rely on robust economic activity and consumer spending such as Men’s Wearhouse.

Porter’s Five Forces:

Figure 2: Porter’s Five Forces Summary for Men’s Dress Apparel Industry

Factor:	Score:	Description:
Buyer’s Power	Neutral	The customer has several options for suits at different retailers. However, buyers are fragmented and constrained by their budget, and individual buyers can not exert influence on prices.
Supplier’s Power	Weak	Men’s Wearhouse and other large retailers use hundreds of vendors. Clothing Products are relatively undifferentiated.
Industry Rivalry	Intense	Market size is stable as it is a non-growth industry, and there are many competitors. Industry firms use similar purchasing methods so they must compete on qualitative factors such as customer service, quality, and merchandise mix.
Threat of Substitutes	High	The workplace has been moving towards more business casual attire. There is a broad array of retailers that provide this to the customer. MW is not just competing with other Men’s Dress Apparel retailers.
Barriers to Entry	High	There are advantages to having size and scale in terms of purchasing in large volumes and having an efficient distribution network. New entrants would need to make significant capital investments.

Source: Analyst

The power of the customer is relatively neutral. The customer has several options for suits at various price points, from high-end retailers like Brooks Brothers to discount retailers such as JC Penney or Wal-Mart. We believe the consumer is usually constrained by their budget, and they will be forced to buy from a particular set of retailers. We feel MW’s competitive advantage is catering to these middle and discount consumers via its Men’s Wearhouse and K&G brands, by offering superior products at discounted prices.

Competition within the industry is intense. The size of the overall market is fairly constant as this is a non-growth industry which, coupled with numerous players vying for market share, heightens the rivalry. Retailers have to differentiate on characteristics such as quality, customer service, and merchandise mix. In this sense, Men’s Wearhouse seems to have a strong brand. Men’s Wearhouse prides themselves as a provider of superior customer service. They go to great lengths to train their staff and have been named one of the top 100 companies to work for on numerous occasions by *Fortune* magazine. However, as evidenced by the poor operational performance of K&G, they have had some issues with offering customers the appropriate merchandise mix. There is also scale in the purchasing and distribution channels which the larger retailers can exploit. Unfortunately for Men’s Wearhouse, this is not much of an advantage as the large department stores and Jos. A Bank all operate on a similar scale.

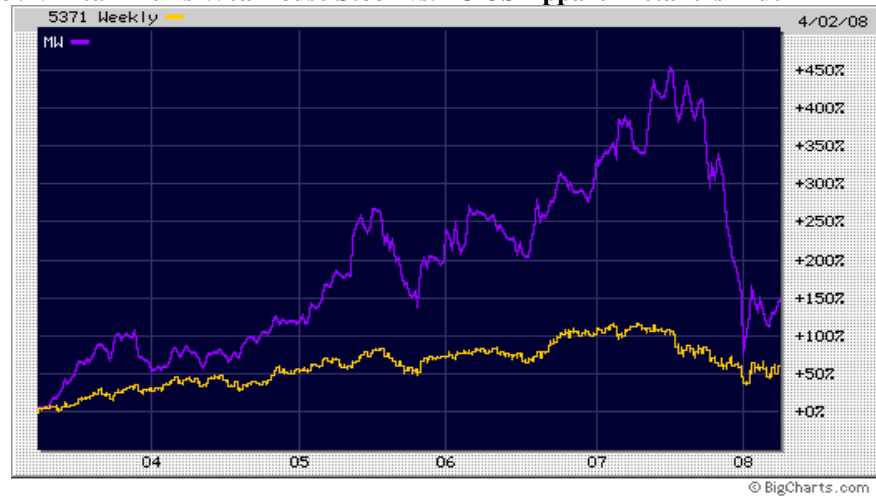
The power of suppliers is weak. Men’s Wearhouse uses over 800 vendors to purchase its clothing product. The large retailers will shift their purchasing to the suppliers and regions that offer the best quality products at the lowest price. Clothing products are relatively undifferentiated which also contributes to the weakness of the supplier.

The threat of substitutes is relatively high. While tuxedos may never go out of style and demand will remain constant, the same cannot be said for men’s tailored clothing. As the workplace environment shifts to business casual, the consumer has an even broader selection of retailers that can fill their clothing needs. This long-term trend is evident in Men’s Wearhouse’s declining sales of tailored clothing as a percentage of men’s clothing product and is a detriment to the firm as a pure-play men’s apparel retailer.

There are sizable **barriers to entry** in the Men’s Apparel industry. In order to gain efficient size and scale in terms of procurement, distribution channels, and initial inventory, an entry requires significant capital investment which makes it difficult for the small entrant. Barriers to exit are lower relative to barriers to entry. Exit barriers could be high depending on the nature of business operations. If the firm has long-term supplier agreements or owns a substantial amount of its buildings and land, it may be uneconomical for the firm to exit in a timely fashion.

The following stock chart shows the performance of Men’s Wearhouse stock versus the Dow Jones U.S. Apparel Retailers Index over the past five years.

Figure 3: 5-Year Men's Wearhouse Stock vs. DJ US Apparel Retailers Index



Source: BigCharts.com April 2, 2008

Valuation Framework

Intrinsic Value: \$33.56 Per Share

Our intrinsic value is derived from an equally weighted average price from two methods: DCF and comparable multiples valuations.

Discounted Cash Flow Analysis (DCF)

We used a combination of discounted free cash flows from operating assets over a five year period, terminal value, and the effect of debt tax shields to determine our intrinsic value. We created a multiple factors model to create our five year DCF model to project free cash flows. We used the CAPM to discount future cash flows back to the present. The CAPM discount rate is roughly 10%, by using our conservative assumptions:

- 4% risk-free rate
- Three-year historical, un-levered 1.3 beta
- 5% expected market-risk premium

We assume that free cash flow grows at 5% per year after 2013. We also included a debt tax shield benefit to compute our equity value.

Our DCF analysis provides us with an intrinsic value of \$34.56 per share.

See *Exhibit 1* for the Free Cash Flows Statement and *Exhibit 5* for Model Drivers.

Comparable Company Analysis

Men's Wearhouse does not have similar, publicly-traded competitors. For our selection, we used a mix of large and medium size retailers, which includes Jos. A Banks, Macy's, JC Penney, Nordstrom and Kohl's. Even though some of these retailers have a department store structure, all companies do provide men's formal and business casual wear. We used several different multiples, all of which show strong support of our buy recommendation. All multiples indicate a price target at least 20% higher than the current market price. Price estimates ranged from \$29.69 to \$36.05. We used an equally weighted average of all prices to compute a comparable multiples amount of \$32.55/share. *Table 1* below summarizes our multiples analysis, and *Table 2* displays the results of our valuation models.

Table 1: Price Target from Multiples Analysis

TTM P/E	Average P/E	P/S	PEG	P/B	EV/S	EV/ EBITDA	Average
\$31.27	\$36.05	\$29.69	\$35.04	\$31.98	\$31.10	\$32.73	\$32.55

Table 2: Valuation Summary

DCF	Comparables Analysis	50/50 Average	One Year Target	Current Price	Upside
\$34.56	\$32.55	\$33.56	\$37.00	\$24.43	51%

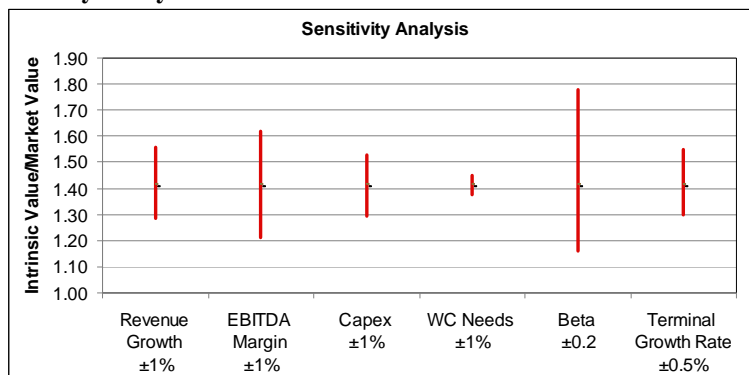
One-Year Price Target

We also use our equally weighted DCF and multiples model to calculate our one year price target of \$36.91. This is calculated by growing our intrinsic value of \$33.56 per share at the required rate of return on equity as determined by the CAPM at 10% per year.

Sensitivity Analysis

The key drivers in our DCF model were revenue growth, EBITDA margins, capital expenditure growth, working capital requirements, debt levels, and tax rates. The most sensitive of these assumptions are EBITDA margin and revenue growth. As you can see in the graph below, if either of these factors in our forecast come in 1% below our estimate over the duration of the next five years, the intrinsic value would be impacted negatively by 15%, but will still be at a buying level. *Please see Exhibit 7 for further details.*

Figure 4: Sensitivity Analysis of DCF Model



Financial Analysis

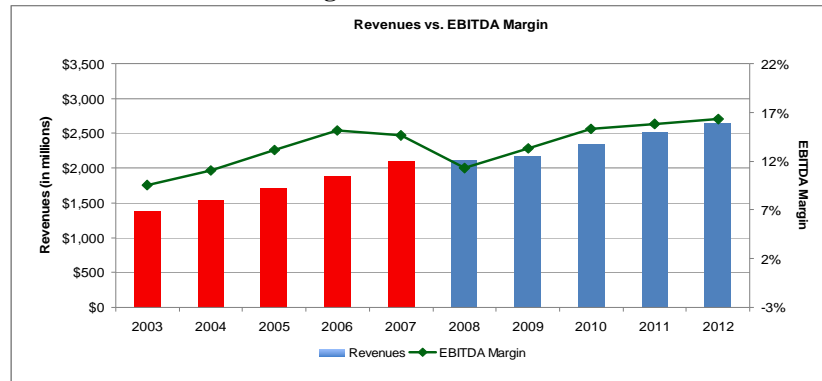
Revenue Growth

Comparable store sales have increased over the last years driven by improved selling prices, higher volumes, and significant growth in the tux rental business. Men’s Wearhouse and Moores brands have accounted for most of the company’s organic growth while K&G has continuously underperformed with declining comparable store sales over the last three fiscal years. Despite a difficult fourth quarter for the economy and, more specifically, the retail industry, the company reported sales growth of 12.2% during 2007. This is attributable to the acquisition of After Hours in the first quarter and the net addition of 20 Men’s Wearhouse brand stores and 12 K&G stores. This was partially offset by declines in comparable store sales of 0.4% at Men’s Wearhouse and 10.9% at K&G.

During the next five years, we project revenues to grow at a 4.7% CAGR based on the following assumptions:

- For 2008 and 2009, we expect revenues to remain stagnant as current macroeconomic conditions continue affecting consumer spending in the retail sector. We estimate negative comparable store revenue growth at both Men’s Wearhouse and K&G brands, slightly offset by additional Men’s Wearhouse brand stores and growth in the tux rental business during fiscal 2009.
- Assuming improved GDP levels during the second half of FY09 and a fully recovered economy by 2010, we project total revenues of \$2.36 billion during 2010, an 8.2% increase when compared to the \$2.18 billion expected during 2009. We believe an improved product mix and increased marketing levels will be key drivers of revenues as the company is focused to attract a younger demographic. This should also contribute to the recovery of the more casual K&G brand, which we expect to produce 3% and 4% same-store sales growth by 2011 and 2012, respectively.
- We estimate the acquisition of After Hours (now MW Tux) to generate average revenue growth of 9% from 2009 to 2012. We also expect management to continue being very active at finding new sources of revenues as it has been in the past. *Refer to Figure 5 for revenue projections.*

Figure 5: Revenues vs. EBITDA Margin



Margins

Historically, gross and operating margins have been trending up in response to lower product costs and an increased position in higher-margin segments such as tux rentals. From 2004 to 2007, gross margins grew from 38.9% to 45.9%; operating margins from 7.6% to 10.8%; and EBITDA margins from 11.1% to 14.6%. In the fourth quarter of fiscal 2007, decreasing revenues and higher occupancy costs negatively affected the company’s margins, and we expect this trend to continue during 2008 and most of 2009 (see Figure 5). In addition, SG&A expenses should put pressure on operating margins as management increases expenditure levels in advertising and marketing. Store salaries are also higher relative to overall revenues during times of economic weakness. As the economy recovers and consumer confidence levels come back to normal, we expect the gross margins to increase to 47% in 2010 and to remain constant through 2012. We believe the direct sourcing program, the increasing position of private labels in relation to branded merchandise, and the closure of their Canadian manufacturing operation, Golden Brand Clothing Ltd., will contribute to improved gross margins in the coming years.

Capital Expenditures Growth

For the FY05-FY07 period, the allocation of maintenance capex vs. growth capex has been, on average, 77% and 23% of the total expenditures, respectively. Maintenance capex has included remodeling and relocation of existing stores, information technology upgrades, and distribution facility additions. Growth capex has been used to open new stores and to fund new projects such as the dry cleaning business, MW Cleaners, and the corporate uniform business, Twin Hill. During 2007, the firm used net cash of \$68 million in the acquisition of After Hours.

Based on management guidance and historical data, we project the total number of Men’s Wearhouse brand stores to near 600 by the end of 2008, and reach 650 by 2010. At that point, we estimate the maximum number of stores in the US has been reached and will remain relatively constant going forward. On the tux rental side, we expect up to 525 MW Tux (formerly After Hours) stores operating by year-end 2008 with 20 new stores added each year through 2012. We do not anticipate significant expansion in either K&G or Moores brands.

From 2007 to 2012, we expect a capital expenditure CAGR to be 2.3%. This includes a \$52 million reduction that management anticipates for 2008. Even though we do not include any acquisitions in our future projections, these are not completely out of the picture as management has stated it is open to evaluate new opportunities for growth. Furthermore, our analysis shows a conservative revenues-to-operating assets ratio compared to prior years. Over the next five years, we believe there will be approximately \$1.60 of revenues per \$1.00 of operating assets, versus from previous years, roughly \$1.80 to \$1.90 of revenues per \$1.00 of assets. This conservative efficiency ratio brings us more comfort on our price target for MW. See Exhibit 15 for Capex vs. Revenue/Op. Assets graph.

Working Capital

Working capital needs as percentage of operating assets have remained relatively constant with a four-year average of 35.5%. During fiscal 2006, working capital decreased as the company used cash to pay off its Senior Convertible Notes due in 2023. During fiscal 2007, working capital decreased as a result of the cash used in the acquisition of After Hours. We do not anticipate any major cash expenditures in the next years and project a working capital CAGR of 12% for the 2007-2012 period.

Free Cash Flows

To determine the free cash flow generated by operating assets, we first calculate EBITDA and then subtract taxes on operations, capital expenditures, acquisitions, and increases in working capital. Historically, MW has produced positive free cash flows, averaging 3% of sales over the past five years. This has been used to open new stores, repurchase shares and, to expand the tux rental business. Based on our assumptions for future revenue and capex growth, working capital and operating margins, we expect positive free cash flows to reach \$130 million by 2012, which should allow for flexibility to fund new projects or acquisitions, pay dividends and/or repurchase stock. *See Exhibit 15 for Free Cash Flow graph*

Earnings

Based on our assumptions, which reflect the current slowdown in the economy, we expect diluted EPS of \$1.90 for fiscal 2008, which is in line with management's forecast. Fiscal 2007 reported a \$2.73 EPS. Earnings should get back on track to historical levels after 2008 if the economy recovers as expected. Our projections indicate that the firm's diluted EPS will grow at a 7% CAGR for the 2007-2012 period.

RATIO ANALYSIS – *See Exhibit 6 for Ratio Tables*

Short-Term Liquidity:

When compared to competitors and the industry average year over year, MW's greater current ratio suggests that the company is able to cover its short-term obligations and should continue to do so in the future. However, we need to take a look at the cash conversion cycle (CCC) in order to measure the true liquidity of the firm. MW has reported lower CCC than its closest competitor, JOSB, which suggests a better inventory management and distribution system. The fact that the days inventory outstanding metric, and therefore the CCC, of male formalwear retailers is significantly larger than traditional department stores, is not cause for concern as male formalwear is less exposed to trends and inventories can be carried over to the next season.

Long-Term Solvency

All leverage metrics indicate MW's financial position is solid and the risk of bankruptcy is minimal. The interest coverage ratio suggests the company should be able to cover its future interest payment obligations. MW should have no problem raising additional capital to fund acquisitions or any other projects in the future.

Profitability

Even though MW's margins have gradually improved over the last years and have followed the industry average very closely, JOSB has reported slightly higher ROA, ROE and ROIC due to better operating margins.

Operating Performance

The fixed asset turnover ratio suggests MW is managing its assets more efficiently than its competitors. By focusing on easy and direct-access locations, MW avoids paying a premium for its retail spaces as opposed to traditional department stores, which generally need to pay extra for locations with higher traffic levels such as malls or upscale strip centers.

Cash Flow Indicator Ratios

The cash flow indicator ratios seem to be in line with the industry. The company seems to be able to turn sales into cash at the same rate as its competitors. In addition, MW seems to be producing enough free cash flows to finance future store expansion, remodeling and acquisitions.

Altman Z-Score: Financial Health Score

This score uses statistical techniques, developed by Edward Altman, to predict a company's probability of bankruptcy using eight factors from the financial statements. Based on the historical Z-Scores, Men's Warehouse appears to have always been safe from bankruptcy. MW's Z-Score has constantly remained in the safe zone above 3.0, even though it declined during the last U.S. recession in the early 2000's. The decline was primarily due to the earnings margins declining and liabilities increasing. The current Altman Z-Score of 4.68 shows that Men's Warehouse is well above the 3.0 safe level, indicating the strong financial strength of the company. 2007 levels did decline roughly 10% from 2006 due to the market slowdown in H2 2007. *See Exhibit 8 for details.*

M-Score: Earnings Quality or Manipulation

Daniel Beneish developed the M-Score test to predict the occurrence of manipulation, based on accounting variables. He showed that firms that have a high likelihood of earnings manipulation experience lower future earnings, but investors expect higher future earnings from these companies. The results have been

astounding showing that investors over-estimated next-period return on assets by 490 to 690 basis points. If the M-Score is greater than -2.22, there is a strong likelihood that the firm is manipulating earnings. The M-Score calculation below, at -2.82, appears to show Men's Wearhouse is not manipulating earnings. *See Exhibit 9 for details.*

F-Score: Earnings Quality

The F-Score is based on the academic work of Joseph Piotroski. He detected nine factors that predict financial performance. He found that stocks with high F-Score's outperformed the market. Over the course of 1998 to the middle of 2005 (seven and a half years), Piotroski's method returned a cumulative return of 961% while the S&P 500 returned 29%. Companies with a strong score (8 or 9) should be bought, while weak scores (0 or 1) should be sold short. The F-Score of 6.5 for Men's Wearhouse indicates that the firm is likely to perform at or better than the market. *See Exhibit 10 for details.*

Risk Factors

These factors below could prevent the stock price from reaching our target price:

Economic Conditions and Consumer Confidence

The retail industry is strongly affected by economic conditions. Consumer confidence can be negatively impacted by many factors including local, regional or national economic conditions. Confidence levels can also be diminished by housing crunches, acts of war, continued threats of terrorism and other uncertainties. The Company's business operations have been negatively affected due to these factors during this past year. We agree with management that MW will actually be more negatively affected during times of diminished consumer confidence as men's discretionary spending for items like tailored apparel declines faster than other retail purchases. Our valuation is driven on an expected turnaround in economic conditions in 2010. If the market continues to be bleak beyond the next two years, our thesis will fail.

Future Store Expansions may be Limited

Revenue growth primarily results from the addition of stores. As of February 2, 2008, Men's Wearhouse operated 1,273 total stores, and management guidance states that an additional 37 net stores to be completed this year. Our five year revenue model assumes that Men's Wearhouse will operate 1,476 total stores, with the majority of the additional stores coming from Men's Wearhouse and MW Tux.

Failed Expansion Strategies and Acquisitions

There are significant capital expenditures for expansion strategies and acquisitions. Certain strategies, like the dry cleaning operations, may prove to be unsuccessful. Acquisitions also increase risk due to possible difficulties in integration and disruptions of the business, hindering operating results.

Continuous Demand Changes in Tailored Clothing

Men's Wearhouse faces strong risks of diminishing revenues as the workplace continues to evolve to a more business casual environment and market demand for men's tailored clothing weakens. However, evolving the business into more of a casual wear provider could also be detrimental to operations as they compete more in an area different from their niche as a tailored clothing provider.

Potential Disruptions in Supply

The major distribution center is located in Houston and may be highly affected by weather conditions, flooding or hurricanes, preventing the delivery of merchandise to the retailing stores. They are also exposed to import risks, which may include tariffs, quotas, government restrictions and geopolitical risks which could cause merchandise to not be supplied.

Exhibit 1: Free Cash Flow Forecasts	Historicals (million \$)					Future (million\$)						
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Total Assets (book value)	878.1	993.3	1,123.3	1,097.0	1,256.5							
less: Non-Operating Cash & ST Invest	92.0	125.0	223.0	140.0	60.0							
less: Non-Cash Non-Operating Assets	0.0	0.0	0.0	0.0	0.0							
Operating Assets (Book Value)	786.1	868.3	900.3	957.0	1,196.5	1,265.1	1,360.7	1,508.3	1,594.3	1,670.6		
Working Capital (Book Value)	357.1	388.2	491.5	454.7	393.8							
Adjusted NWC Net of Cash & ST Invest	250.0	260.0	281.0	332.6	378.5	442.7	506.0	585.1	633.5	669.6		
Long-Term Debt (Book Value)	131.0	130.0	205.3	73.0	92.4	92.0	92.0	92.0	92.0	92.0		
Interest Expense	4.0	5.9	5.9	9.2	5.1	5.1	5.1	5.1	5.1	5.1		
Depreciation Expense	51.0	53.3	61.9	61.4	80.3	80.6	82.8	89.6	95.5	100.9		
Revenue from Operations	1,392.7	1,546.7	1,724.9	1,882.1	2,112.6	2,122.7	2,179.4	2,358.3	2,513.9	2,656.7		
less: Operating Expenses	1,310.9	1,428.6	1,559.6	1,658.1	1,884.0	1,963.4	1,972.3	2,087.1	2,212.2	2,324.6		
plus: Depreciation & Amort.	51.0	53.3	61.9	61.4	80.3	80.6	82.8	89.6	95.5	100.9		
EBITDA	132.8	171.4	227.2	285.3	309.0	239.9	289.9	360.8	397.2	433.0		
less: Taxes	29.7	42.4	58.8	75.9	82.6	60.3	78.1	102.3	113.7	125.2		
less: Cap Ex.	49.7	86.0	66.5	74.4	126.1	85.1	115.1	158.1	133.1	141.1		
less: Acquisitions	0.0	11.0	0.0	0.0	68.2							
WC in acquisition					-20.0							
less: Incr. in working capital	-10.0	10.0	20.0	52.0	46.0	64.2	63.3	79.1	48.4	36.1		
FCF from Operations (adj. for min. int.)	63.4	22.1	81.9	83.0	6.1	30.3	33.4	21.4	102.0	130.6	137.2	
					PV's =	27.4	27.5	16.0	69.0	80.1		
Acctg Operating Earnings (adj. for min. int.)	48.1	69.8	103.9	148.6	147.1	98.9	129.0	169.0	188.0	206.9		
Operating Earnings per (current) Share	0.89	1.30	1.93	2.76	2.73	1.90	2.48	3.24	3.61	3.97		
Operating Earnings Growth		45.3%	48.8%	43.0%	-1.0%	-32.7%				7.1%		
		Hist Ave. Earnings Growth: 34.0%				1-year	Projected Earnings Growth			5-year		
Rev / Op Assets	1.77	1.78	1.92	1.97	1.77	1.68	1.60	1.56	1.58	1.59		
FCF / Op Assets	0.08	0.03	0.09	0.09	0.01	0.02	0.02	0.01	0.06	0.08		
Operating Assets												
PV (FCF Operations 5 yrs) =	220											
PV (FCF Operations After Yr. 5) =	1,598											
Total	1,818											
Debt Tax Shields*												
PV (Debt tax shields 5 yrs) =	8.16											
PV (Debt tax shields after yr 5) =	26.54											
Total	34.69											
						2008	2009	2010	2011	2012		
						Debt Int. Pmts. =	5.06	5.06	5.06	5.06	5.06	
						Debt Tax Shields =	1.92	1.91	1.91	1.91	1.91	
						PVs =	1.82	1.71	1.62	1.54	1.46	
Market Value Balance Sheet (million \$)												
Assets						Liabs & Equity						
Non-Operating Cash	60			92		Long-Term Debt						
Non-Cash Non-Operating Assets	0			17		Other Liabilities						
PV(FCF from Operations)	1,818			0		Preferred Stock						
Debt Tax Shields*	35			1,803		Equity Value						
						=>	Market Price \$22.72 per share					
							Intrinsic Value \$34.54 per share					

Exhibit 2: Valuation Based on Multiples	JOSB	Macy's	JC Penney	Nordstrom	Kohl's	MW	Median	Median Implied	Mean	Mean Implied	Growth adjusted ratio	Growth adjusted Implied	Apparel Industry
Shares outstanding	18.18	419.7	221.7	219	308.92	52.19							
Market cap	0.4	9.22	8.31	7.14	13.08	1.19							0.54
EV	0.37	18.4	9.55	9.28	14.48	1.18							
EPS	2.64	1.98	4.93	2.87	3.39	2.73							0.95
EPS 08	7.56	9.43	3.73	2.83	3.34	2.00							
TTM P/E	8.31	11.11	7.60	11.36	12.50	8.33	9.72	26.54	9.87	26.94	11.46	31.27	14.89
Average P/E	8.65	10.88	10.05	11.53	12.67	11.77	11.21	30.59	10.93	29.83	13.21	36.05	15.64
5 yr growth rate	15.00	12.04	13.85	11.54	16.18	17.00	14.43		14.27				13.27
P/FE	7.56	9.43	8.78	10.29	11.14	9.22	9.33		9.40		10.99		
5 yr growth rate based on PEG	14.33	12.34	10.41	11.36	16.03	12.07	12.21		12.76				16.01
P/S	0.71	0.37	0.45	0.86	0.83	0.56	0.64	25.19	0.63	24.99	0.75	29.69	0.56
PEG (5 yr expected)	0.58	0.90	0.73	1.00	0.78	0.69	0.76	35.04	0.78	36.20	0.76	35.04	0.93
P/B	1.78	0.99	1.69	6.86	2.27	1.45	1.74	27.14	2.51	39.20	2.04	31.98	
EV/S	0.63	0.70	0.48	1.05	0.88	0.56	0.67	26.29	0.72	28.38	0.78	31.10	
EV/EBITDA	3.80	5.43	4.13	6.26	6.41	3.82	4.78	27.68	4.97	28.83	5.63	32.73	
Implied IV								28.35		30.63		32.55	
VALUATION													
IV from DCF	34.54												
IV from Multiples	32.55												
IV Combined 50/50	33.55												
Market price/share	24.43												
IV/MV	1.37												
5 yr expected alpha	8%												
CAPM required return	10%												
5 yr expected return	18%												
Target price in one year	36.91												
Upside potential	51%												
Note: EPS 08 does not include non recurring charges of closing Golden Brand facility											Data as of March 28, 2008		

Exhibit 3: Income Statement

\$ in millions

	2004	2005	2006	2007	Q1-08	Q2-08	Q3-08	Q4-08	2008	2009	2010	2011	2012
Net sales													
Men's tailored clothing product	747	810	860	848	206	175	161	288	839	841	905	963	1,018
Men's non-tailored clothing product	581	645	706	720	170	145	133	238	694	696	748	796	842
Other clothing product	54	73	76	88	20	17	16	28	81	81	87	93	98
 Clothing product	1,382	1,528	1,642	1,656	396	337	310	554	1,613	1,617	1,740	1,851	1,958
Tux rental	77	96	119	325	45	192	105	50	377	424	467	500	524
Alteration	78	85	102	109	20	34	27	26	105	108	117	124	131
Retail dry cleaning services	10	16	19	22	4	8	5	9	26	29	33	38	43
Tux rental, alteration, and other services	165	197	240	456	69	234	137	85	509	561	617	662	698
 Net sales	1,547	1,725	1,882	2,112	465	571	447	639	2,122	2,178	2,357	2,513	2,656
Cost of sales													
Clothing product, including buying & distribution costs	685	737	743	710	158	194	152	217	721	725	778	829	876
Tux rental, alteration, and other services	85	104	115	161	37	46	36	51	170	168	170	181	191
Occupancy cost	174	187	209	272	63	78	61	87	289	283	302	322	340
 Cost of sales	944	1,028	1,067	1,143	259	317	249	355	1,180	1,176	1,249	1,332	1,407
Gross profit	603	697	816	969	206	254	198	284	942	1,002	1,108	1,181	1,248
SG&A	485	532	592	740	192	191	165	236	783	795	837	879	916
Operating income	118	165	224	229	15	63	34	48	159	207	271	302	332
Interest income	(2)	(3)	(10)	(6)	(1.5)	(1.5)	(1.5)	(1.5)	(6)	(6)	(6)	(6)	(6)
Interest expense	6	6	9	5	1.3	1.3	1.3	1.3	5	5	5	5	5
Earnings before income tax	114	162	225	230	15	63	34	48	160	208	272	303	333
Provision for income tax	43	58	76	83	6	24	13	18	61	78	103	114	126
Net Earnings	71	104	149	147	9	39	21	30	99	130	170	188	207
EPS per share													
Basic	1.32	1.93	2.80	2.76									
Diluted	1.29	1.88	2.71	2.73	0.18	0.75	0.40	0.58	1.91	2.49	3.25	3.62	3.98
Weighted average common shares outstanding													
Basic	54	54	53	53									
Diluted	55	55	55	54	52.1	52.1	52.1	52.1	52.1	52.1	52.1	52.1	52.1
Net sales by brand													
MW	1,043	1,129	1,216	1,214	267	327	256	366	1,216	1,241	1,356	1,437	1,509
K&G	315	384	418	408	81	100	78	112	371	360	360	371	386
Moore's	175	194	229	250	55	67	53	75	250	250	257	270	284
After Hours				199	52	64	50	71	236	270	316	353	380
Other (MW Cleaners & Tw in Hill)	13	18	19	41	11	13	10	15	49	58	68	82	97
	1,546	1,725	1,882	2,112	465	571	447	639	2,122	2,178	2,357	2,513	2,656

Source: Company Documents, Student Estimate

Exhibit 4: Balance Sheet

\$ in millions

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
ASSETS								
<u>Current assets</u>								
Cash & cash equivalents	200	180	39	40	41	45	48	50
Short-term investment	63		60	60	60	60	60	60
Accounts receivables	17	17	18	25	33	41	46	49
Inventories	417	449	492	541	595	665	700	722
Other current asset	33	36	61	67	84	86	89	93
<u>Total current assets</u>	730	682	670	733	813	897	943	974
Net PP&E	270	288	411	415	448	516	554	594
Tuxedo rental product, net	53	58	84	95	109	115	123	127
Goodw ill	58	57	65	65	65	65	65	65
Other assets, net	14	12	26	28	35	37	40	43
Total assets	1,125	1,097	1,256	1,336	1,470	1,630	1,725	1,803
Liabilities & SE								
<u>Current liabilities</u>								
Accounts payable	125	112	147	152	163	165	170	172
Accrued expense	92	95	125	128	142	145	147	148
Income tax payable	21	20	5	5	10	12	12	12
<u>Total current liabilities</u>	238	227	277	285	315	322	329	332
Long-term debt	205	73	92	92	92	92	92	92
Deferred tax & other liabilities	52	44	71	78	85	90	100	105
<u>Total liabilities</u>	495	344	440	455	492	504	521	529
<u>Shareholders' equity</u>	630	753	816	880	978	1,126	1,204	1,274
Total Liabilities & S/E	1,125	1,097	1,256	1,336	1,470	1,630	1,725	1,803

Source: Company Documents, Student Estimates

Exhibit 5: Model Drivers	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUE									
<i>Comp Store Sales Growth</i>	8.2%	6.2%	3.1%	-0.4%	-6.0%	-2.0%	5.0%	6.0%	5.0%
<i>Number of Stores</i>			543	563	600	625	650	650	650
<i>Revenues per Store</i>			2.23	2.16	2.03	1.99	2.09	2.21	2.32
MW	1,043	1,129	1,209	1,214	1,216	1,241	1,356	1,437	1,509
<i>Comp Store Sales Growth</i>	3.9%	16.4%	-1.8%	-10.9%	-9.0%	-3.0%	0.0%	3.0%	4.0%
<i>Number of Stores</i>			93	105	105	105	105	105	105
<i>Revenues per Store</i>			4.49	3.88	3.5	3.4	3.4	3.5	3.7
KG	315	384	418	408	371	360	360	371	386
<i>Comp Store Sales Growth</i>	7.1%	2.7%	8.7%	1.5%	0%	0%	3%	5%	5%
<i>Number of Stores</i>			116	116	116	116	116	116	116
<i>Revenues per Store</i>			1.97	2.15	2.15	2.15	2.22	2.33	2.44
Moores	175	193	229	250	250	250	257	270	284
<i>Comp Store Sales Growth</i>				0%	0%	10%	13%	8%	4%
<i>Number of Stores</i>				489	525	545	565	585	605
<i>Revenues per Store</i>				0.45	0.45	0.49	0.56	0.60	0.63
After Hours			218.0	199.2	236.2	269.7	316.0	353.3	380.0
<i>Number of Stores</i>			30	33	33	33	33	33	33
<i>Revenues per Store</i>			0.6	0.7	0.8	0.9	1.0	1.1	1.3
MW Cleaners	10	16	19	23	26	29	33	38	43
Twin Hill	3	3	7	18	23	28	35	44	55
Other (Dryclean & Twin Hill)	13	19	26	41	49	58	68	82	97
Total revenue	1,546	1,725	1,882	2,112	2,122	2,178	2,357	2,513	2,656
Revenue growth	11.1%	11.6%	9.1%	12.2%	0.5%	2.7%	8.2%	6.6%	5.7%

Exhibit 5: Model Drivers (continued)	2004	2005	2006	2007	2008	2009	2010	2011	2012
CAPEX	85	67	73	126	85	115	158	133	141
Capex/rev	5.5%	3.9%	3.9%	6.0%	4.0%	5.3%	6.7%	5.3%	5.3%
Capex growth	70.0%	-21.8%	9.8%	72.6%	-32.5%	35.3%	37.4%	-15.8%	6.0%
DEPRECIATION	53.32	61.87	61.39	80.30	80.63	82.78	89.58	95.49	100.91
Depr/rev	3.4%	3.6%	3.3%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
EBITDA									
Clothing prod, incl buy & dist costs	685	737	743	710	721	725	778	829	876
Margin	44.3%	42.7%	39.5%	33.6%	34.0%	33.3%	33.0%	33.0%	33.0%
Tux rental, alt, and other services	85	104	115	161	170	168	170	181	191
Margin	5.5%	6.0%	6.1%	7.6%	8.0%	7.7%	7.2%	7.2%	7.2%
Occupancy cost	174	187	209	272	289	283	302	322	340
Margin	11.3%	10.8%	11.1%	12.9%	13.6%	13.0%	12.8%	12.8%	12.8%
Cost of sales	944	1,028	1,067	1,143	1,180	1,176	1,249	1,332	1,407
COS margin	61.1%	59.6%	56.7%	54.1%	55.6%	54.0%	53.0%	53.0%	53.0%
Gross margin	38.9%	40.4%	43.3%	45.9%	44.4%	46.0%	47.0%	47.0%	47.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SG&A	485	532	592	741	783	795	837	879	916
SG&A margin	31.4%	30.8%	31.5%	35.1%	36.9%	36.5%	35.5%	35.0%	34.5%
EBIT	118	165	224	229	159	207	271	302	332
EBIT margin	7.6%	9.6%	11.9%	10.8%	7.5%	9.5%	11.5%	12.0%	12.5%
EBITDA	171	227	285	309	240	290	361	397	433
EBITDA margin	11.1%	13.2%	15.1%	14.6%	11.3%	13.3%	15.3%	15.8%	16.3%

Source: Company Documents, Student Estimates

Exhibit 6: Ratio Analysis

Source: Capital IQ

Ticker	Company
MW	The Men's Wearhouse, Inc.
JOSB	Jos. A. Bank Clothiers, Inc.
JCP	J.C. Penney Company, Inc.
JWN	Nordstrom, Inc
KSS	Kohl's Corporation
M	Macy's, Inc.

Short-Term Liquidity

COMPANY	FY 2004					FY 2005					FY 2006					FY 2007				
	CR	DIO	DSO	DPO	CCC	CR	DIO	DSO	DPO	CCC	CR	DIO	DSO	DPO	CCC	CR	DIO	DSO	DPO	CCC
MW	2.6x	153	5	47	111	3.1x	146	4	45	105	3.0x	151	3	40	114	2.4x	150	4	41	113
JOSB	1.9x	306	4	81	230	1.9x	313	4	67	251	2.2x	321	4	73	252	2.3x	363	6	70	299
JCP	2.5x	101	4	37	68	2.4x	100	3	36	66	1.9x	102	3	38	67	2.0x	105	6	42	69
JWN	1.9x	73	48	37	83	1.8x	70	37	38	69	1.9x	68	26	38	55	2.1x	64	48	38	74
KSS	2.5x	85	40	28	96	2.4x	88	41	31	98	1.8x	90	N/A	32	N/A	2.1x	95	N/A	30	N/A
M	1.7x	127	72	62	137	1.3x	122	43	51	114	1.2x	130	N/A	66	N/A	1.1x	126	N/A	86	N/A
Industry	1.9x	80	11	44	48	1.9x	81	12	44	49	2.0x	82	10	42	48	1.9x	83	14	51	48

CR- Current Ratio; DIO - Days Inventory Outstanding; DSO - Days Sales Outstanding; DPO - Days Payable; CCC – Cash Conversion Cycle (DIO + DSO – DPO)

Note: .For JOSB, tables show LTM as of November 3, 2007, since results are not available yet.

Exhibit 6: Ratio Analysis (continued)Long-Term Solvency

COMPANY	FY 2004					FY 2005					FY 2006					FY 2007				
	TL/ TA	LT Debt/ Capital	LT Debt/ Equity	EBIT/ IE	TD/ EBITDA	TL/ TA	LT Debt/ Capital	LT Debt/ Equity	EBIT/ IE	TD/ EBITDA	TL/ TA	LT Debt/ Capital	LT Debt/ Equity	EBIT/ IE	TD/ EBITDA	TL/ TA	LT Debt/ Capital	LT Debt/ Equity	EBIT/IE	TD/ EBITDA
MW	43%	19%	23%	20.4x	0.7x	44%	25%	33%	28.1x	0.9x	31%	9%	10%	24.3x	0.3x	35%	10%	11%	45.3x	0.3x
JOSB	51%	5%	5%	23.0x	0.1x	50%	3%	3%	27.4x	0.1x	44%	0%	0%	77.9x	0.0x	43%	0%	0%	516.9x	0.0x
JCP	66%	40%	71%	4.6x	2.3x	68%	46%	86%	5.8x	1.7x	66%	39%	70%	7.1x	1.5x	63%	39%	66%	12.3x	1.6x
JWN	61%	33%	52%	8.5x	1.0x	58%	21%	30%	16.0x	0.8x	55%	22%	29%	19.8x	0.4x	80%	62%	200%	13.5x	1.7x
KSS	37%	18%	22%	18.4x	0.7x	35%	15%	18%	19.2x	0.7x	38%	16%	19%	27.2x	0.5x	42%	25%	34%	21.9x	0.9x
M	59%	26%	43%	4.8x	1.8x	59%	37%	66%	6.2x	2.8x	59%	38%	64%	5.5x	2.3x	64%	46%	92%	3.8x	2.9x
Industry	49%	24%	34%	14.9x	0.6x	47%	22%	29%	16.9x	0.5x	44%	18%	23%	18.0x	0.5x	45%	17%	22%	15.9x	0.6x

TL/TA - Total Liabilities/Total Assets; EBIT/IE - Operating Income/Interest Expense; TD/EBITDA - Total Debt/ Earnings before Interest, Taxes, Depreciation & Amortization

Operating Performance

COMPANY	FY 2004			FY 2005			FY 2006			FY 2007		
	Fixed Asset Turnover	Sales per Employee (in thousands)	Inventory Turnover	Fixed Asset Turnover	Sales per Employee (in thousands)	Inventory Turnover	Fixed Asset Turnover	Sales per Employee (in thousands)	Inventory Turnover	Fixed Asset Turnover	Sales per Employee (in thousands)	Inventory Turnover
MW	5.9	117	2.40	6.0	125	2.50	6.7	126	2.50	6.0	N/A	2.40
JOSB	5.2	159	1.20	5.0	155	1.20	5.0	162	1.20	4.9	N/A	1.00
JCP	5.1	120	3.60	5.1	124	3.60	5.0	128	3.70	4.0	N/A	3.50
JWN	4.0	144	5.0	4.3	150	5.20	4.8	162	5.50	4.7	N/A	5.70
KSS	3.2	123	4.30	3.1	126	4.10	3.1	137	4.10	3.8	N/A	3.80
M	2.6	141	2.90	2.5	96	3.00	2.3	144	2.90	2.3	N/A	2.90
Industry	6.1	N/A	4.50	6.0	N/A	4.50	6.1	N/A	4.40	5.8	N/A	4.40

Note: .For JOSB, tables show LTM as of November 3, 2007, since results are not available yet.

Exhibit 6: Ratio Analysis (continued)Profitability

COMPANY	FY 2004					FY 2005					FY 2006					FY 2007				
	EBIT Margin	Net Profit Margin	ROA	ROE	ROIC	EBIT Margin	Net Profit Margin	ROA	ROE	ROIC	EBIT Margin	Net Profit Margin	ROA	ROE	ROIC	EBIT Margin	Net Profit Margin	ROA	ROE	ROIC
MW	11%	5%	8%	14%	11%	13%	6%	10%	17%	14%	15%	8%	13%	22%	17%	11%	7%	12%	19%	17%
JOSB	14%	7%	12%	24%	22%	16%	8%	14%	26%	28%	16%	8%	14%	24%	25%	17%	8%	13%	23%	23%
JCP	7%	3%	5%	13%	8%	9%	6%	8%	22%	12%	10%	6%	10%	27%	16%	10%	6%	9%	23%	14%
JWN	10%	6%	10%	23%	16%	12%	7%	12%	28%	20%	13%	8%	15%	32%	25%	14%	8%	15%	44%	24%
KSS	10%	6%	10%	15%	13%	11%	6%	10%	15%	13%	12%	7%	13%	19%	17%	11%	7%	12%	19%	15%
M	9%	4%	6%	11%	9%	12%	6%	7%	14%	10%	9%	4%	5%	8%	7%	8%	3%	5%	8%	6%
Industry	10%	6%	11%	21%	28%	10%	7%	12%	23%	29%	10%	7%	12%	22%	28%	10%	6%	11%	21%	16%

Cash Flow Indicators

COMPANY	FY 2004		FY 2005		FY 2006		FY 2007	
	OCF/Revenues	FCF/OCF	OCF/Revenues	FCF/OCF	OCF/Revenues	FCF/OCF	OCF/Revenues	FCF/OCF
MW	8.4%	34.3%	9.0%	57.0%	8.5%	54.7%	9.7%	38.5%
JOSB	13.8%	41.9%	8.0%	14.6%	11.1%	48.9%	12.6%	59.2%
JCP	1.8%	-25.0%	7.6%	62.0%	6.4%	39.0%	6.2%	-1.0%
JWN	8.5%	59.3%	10.0%	64.9%	13.3%	76.9%	1.8%	-211.2%
KSS	8.0%	1.9%	6.8%	5.9%	20.0%	62.7%	7.5%	-24.9%
M	9.6%	69.0%	18.8%	86.5%	13.9%	64.8%	8.5%	55.6%
Industry	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

OCF/Revenues – Operating Cash Flow/ Revenues; FCF/OCF – Free Cash Flow/ Operating Cash Flow (FCF calculated as OCF – CAPEX)

Note: For JOSB, tables show LTM as of November 3, 2007, since results are not available yet.

Exhibit 7: Sensitivity Analysis

SENSITIVITY ANALYSIS							
	2008	2009	2010	2011	2012	Intrinsic Value	IV/MV
Revenue Growth							
	-0.5%	1.7%	7.2%	5.6%	4.7%	\$ 31.45	1.29
	0.0%	2.2%	7.7%	6.1%	5.2%	\$ 32.81	1.34
base	0.5%	2.7%	8.2%	6.6%	5.7%	\$ 34.54	1.41
	1.0%	3.2%	8.7%	7.1%	6.2%	\$ 36.28	1.49
	1.5%	3.7%	9.2%	7.6%	6.7%	\$ 38.12	1.56
EBITDA margin							
	10.3%	12.3%	14.3%	14.8%	15.3%	\$ 29.65	1.21
	10.8%	12.8%	14.8%	15.3%	15.8%	\$ 32.06	1.31
base	11.3%	13.3%	15.3%	15.8%	16.3%	\$ 34.54	1.41
	11.8%	13.8%	15.8%	16.3%	16.8%	\$ 37.00	1.51
	12.3%	14.3%	16.3%	16.8%	17.3%	\$ 39.52	1.62
Tax Rate							
	36.9%	36.7%	36.7%	36.7%	36.7%	\$ 35.55	1.46
	37.4%	37.2%	37.2%	37.2%	37.2%	\$ 35.01	1.43
base	37.9%	37.7%	37.7%	37.7%	37.7%	\$ 34.54	1.41
	38.4%	38.2%	38.2%	38.2%	38.2%	\$ 34.05	1.39
	38.9%	38.7%	38.7%	38.7%	38.7%	\$ 33.62	1.38
CAPEX							
	-33.5%	34.3%	36.4%	-16.8%	5.0%	\$ 37.33	1.53
	-33.0%	34.8%	36.9%	-16.3%	5.5%	\$ 35.94	1.47
base	-32.5%	35.3%	37.4%	-15.8%	6.0%	\$ 34.54	1.41
	-32.0%	35.8%	37.9%	-15.3%	6.5%	\$ 33.09	1.35
	-31.5%	36.3%	38.4%	-14.8%	7.0%	\$ 31.63	1.29
Working Capital % Revenues							
	36.0%	39.0%	42.0%	41.0%	41.0%	\$ 35.40	1.45
	36.5%	39.5%	42.5%	41.5%	41.5%	\$ 34.97	1.43
base	37.0%	40.0%	43.0%	42.0%	42.0%	\$ 34.54	1.41
	37.5%	40.5%	43.5%	42.5%	42.5%	\$ 34.08	1.40
	38.0%	41.0%	44.0%	43.0%	43.0%	\$ 33.62	1.38
Debt as % Assets							
	6.3%	5.8%	5.1%	4.8%	4.5%	\$ 34.59	1.42
	6.8%	6.3%	5.6%	5.3%	5.0%	\$ 34.56	1.41
base	7.3%	6.8%	6.1%	5.8%	5.5%	\$ 34.54	1.41
	7.8%	7.3%	6.6%	6.3%	6.0%	\$ 34.50	1.41
	8.3%	7.8%	7.1%	6.8%	6.5%	\$ 34.47	1.41

Beta	IV	IV/MV
	1.05	\$ 43.47
	1.15	\$ 38.53
base	1.25	\$ 34.54
	1.35	\$ 31.22
	1.45	\$ 28.44

Terminal Growth Rate	IV/MV
4.50%	\$ 31.74
current	5.00%
5.50%	\$ 37.90

Other Statements or Exhibits

Exhibit 8: Altman Z-Scores for Men's Wearhouse (based on Analyst calculations)

	2002	2003	2004	2005	2006	2007
EBIT	69.3	82.3	118.1	165.3	224	229
Total Assets	769.3	869.2	993.3	1123.3	1097	1256
Net Sales	1295	1392.7	1546.7	1724.9	1882.1	2112
Market Value of Equity	531.8	493.5	568.8	627.5	753.8	816
Total Liabilities	237.4	375.7	424.4	495.8	343.2	440
Current Assets	494.6	569.9	627	729.6	680.8	670
Current Liabilities	169.2	213	238.7	238.1	226.1	277
Retained Earnings	397.5	447.6	513.4	614.7	752.4	816
Z Score	4.55	3.91	3.94	4.07	5.16	4.68
Analysis of Z Score on Financial Figures						
Z-Score above 3.0	Safe					
Z-Score between 2.7 and 2.99	Caution and on alert					
Z-Score between 1.8 and 2.7	Banruptcy possible within two years					
Z-Score below 1.8	Banruptcy highly likely					

Exhibit 9: M-Score for Men's Wearhouse (based on Analyst calculations)

Model Indices for 2006 Results	Value
DSRI - Days' Sales in Receivables Index	0.81
GMI - Gross Margin Index	0.82
AQI - asset quality index	1.00
SGI - sales growth index	0.79
DEPI - depreciation index	0.85
SGAI - sales, general and administrative expenses index	1.03
LVGI - leverage index	0.36
TATA - total accruals to total assets	-0.015
M-Score	-2.82

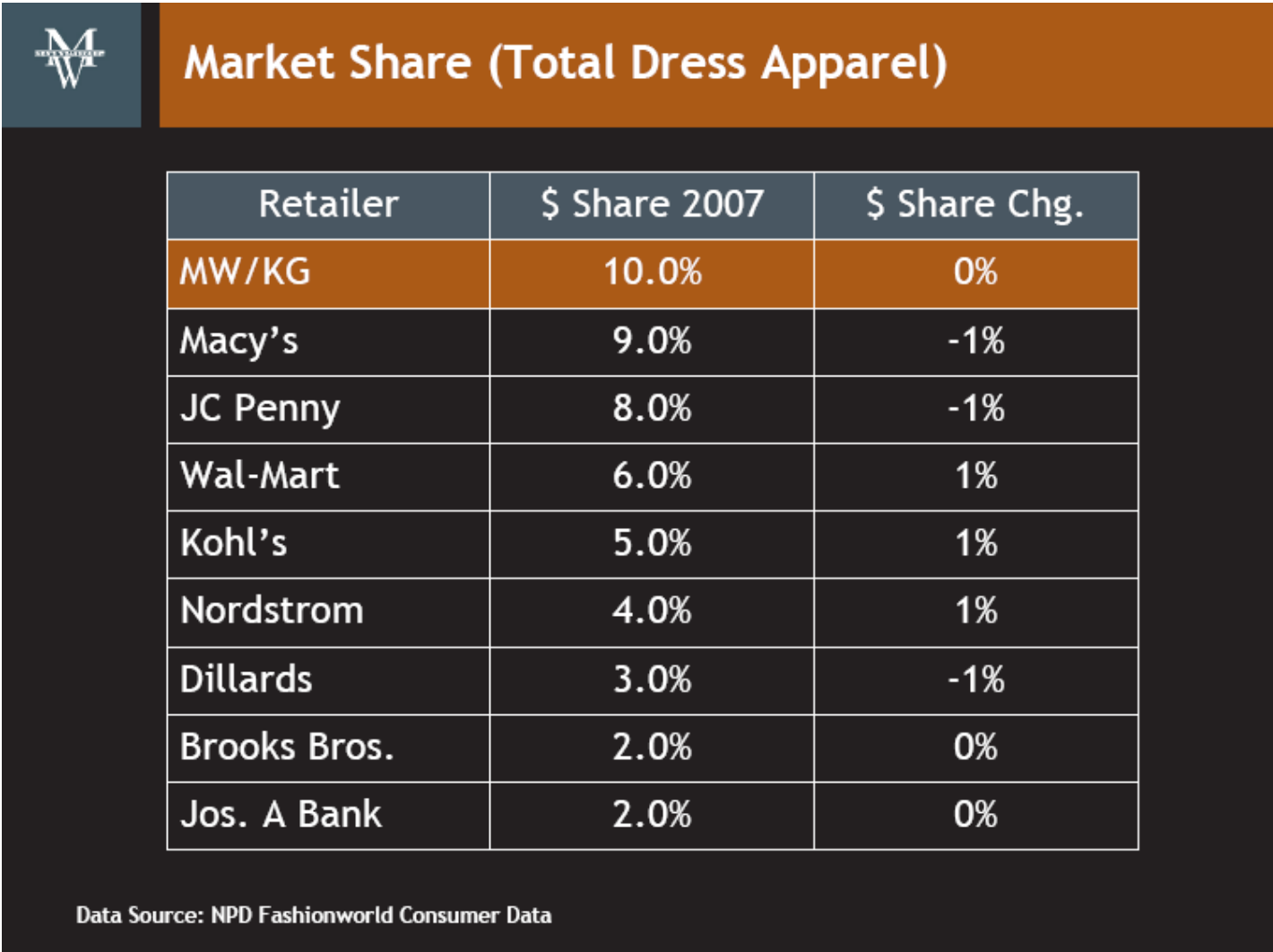
The formula for the M-Score is as follows:

$$\text{M-Score Formula} = -4.84 + 0.92 * \text{DSRI} + 0.528 * \text{GMI} + 0.404 * \text{AQI} + 0.892 * \text{SGI} + 0.115 * \text{DEPI} - .172 * \text{SGAI} - .327 * \text{LEVI} + 4.679 * \text{TATA}$$

Exhibit 10: F-Score for Men's Wearhouse (based on Analyst Calculations)

F-Score Factors	
1. Is net income positive?	1
2. Is operating cash flow positive?	1
3. Is operating cash flow > net income?	1
4. Has return on assets increased (from the prior year)?	1
5. Has gross margin improved?	1
6. Has asset turnover improved?	0.5
7. Has LT Debt / Total Assets decreased?	0
8. Has the current ratio improved?	0
9. Has there been no new equity issuance?	1
	6.5

Exhibit 11: Market Share (Total Dress Apparel)



The table displays the market share of various retailers in the total dress apparel category for 2007, along with the change in share from the previous period. The retailers are ranked by their 2007 market share percentage.

Retailer	\$ Share 2007	\$ Share Chg.
MW/KG	10.0%	0%
Macy's	9.0%	-1%
JC Penny	8.0%	-1%
Wal-Mart	6.0%	1%
Kohl's	5.0%	1%
Nordstrom	4.0%	1%
Dillards	3.0%	-1%
Brooks Bros.	2.0%	0%
Jos. A Bank	2.0%	0%

Data Source: NPD Fashionworld Consumer Data

Source: Company Documents, CFO Presentation February 12, 2008

Exhibit 12: Market Share (Men's Suits)



Market Share (Men's Suits)

Retailer	\$ Share 2007	\$ Share Chg.
MW/KG	18.0%	0%
Macy's	8.0%	0%
JC Penny	6.0%	-1%
Nordstrom	5.0%	4%
Wal-Mart	3.0%	1%
Dollar General	3.0%	3%
Jos. A Bank	3.0%	-1%
Burlington Coat	3.0%	0%
Marshalls	3.0%	2%

Data Source: NPD Fashionworld Consumer Data

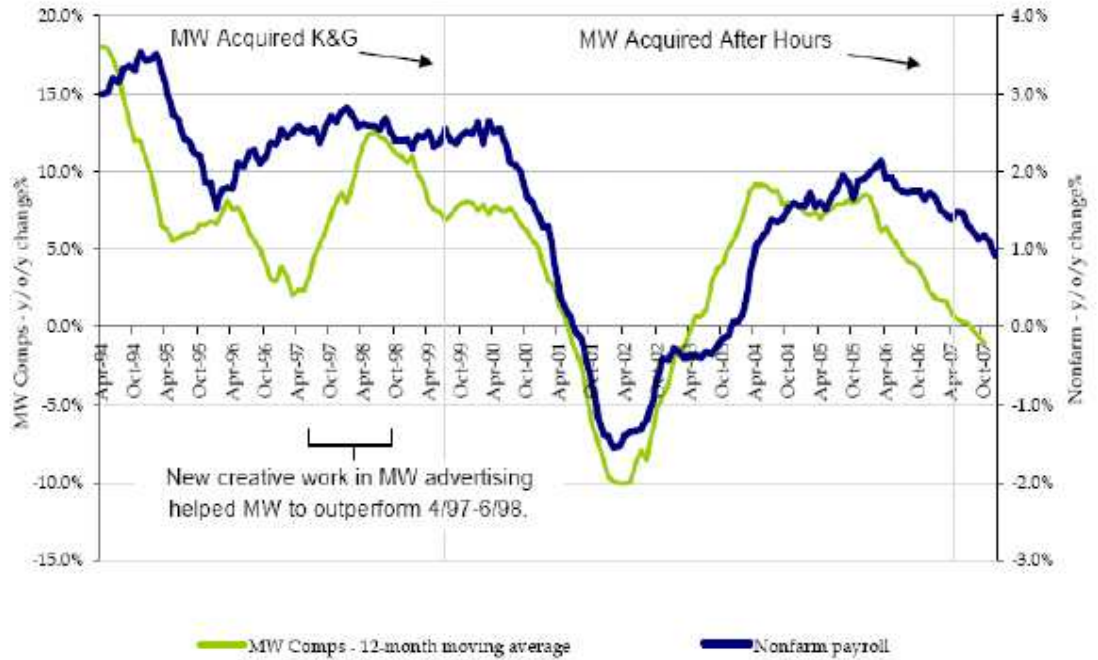
Source: Company Documents, CFO Presentation February 12, 2008

Exhibit 13: Correlation between MW Comp Store Sales and Non-farm Payrolls

Macro Drivers

Men's Wearhouse, Inc. (The) (MW)

MW Comp Store Sales Vs. Nonfarm Payrolls



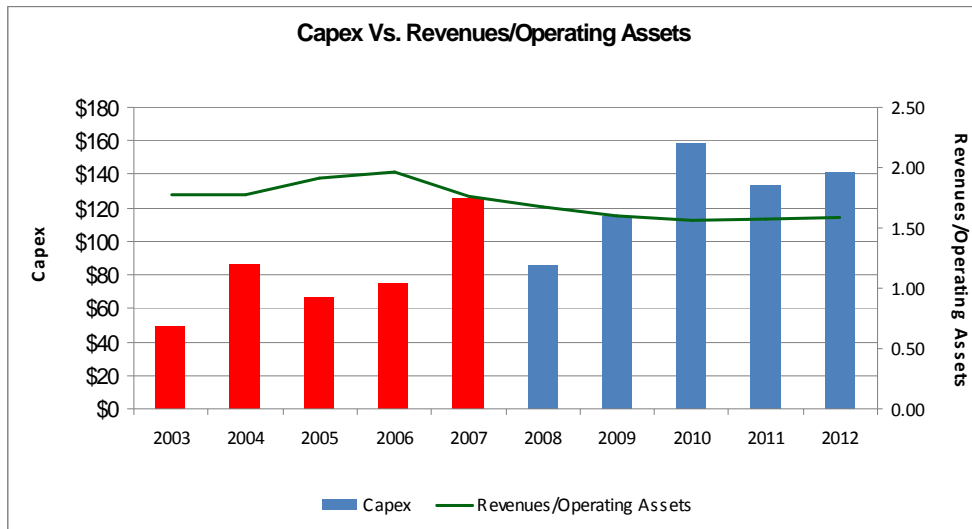
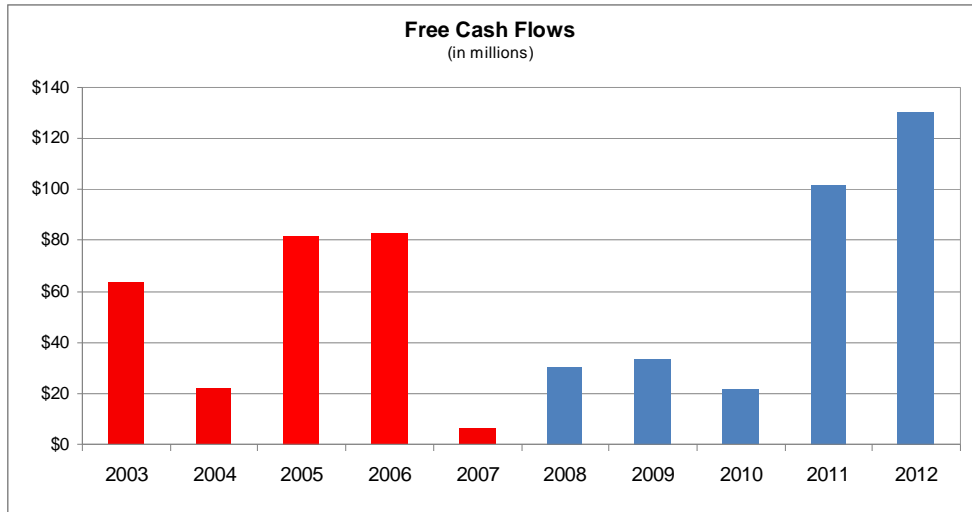
Source: company press releases, U.S. Department of Labor, Bureau of Labor Statistics
 MW/nonfarm payroll correlation = 0.8.

Exhibit 14: Total Men's Dress Apparel – U.S. Market Size and Trends



Source: Company Documents, CFO Presentation February 12, 2008

Exhibit 15: Financial Analysis - Graphs



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