
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2005 or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-16097

THE MEN'S WEARHOUSE, INC.

(Exact Name of Registrant as Specified in its Charter)

Texas
(State or Other Jurisdiction of
Incorporation or Organization)

74-1790172
(I.R.S. Employer
Identification Number)

5803 Glenmont Drive
Houston, Texas
(Address of Principal Executive Offices)

77081-1701
(Zip Code)

(713) 592-7200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes . No .

The number of shares of common stock of the Registrant, par value \$.01 per share, outstanding at June 3, 2005 was 36,058,883 excluding 8,315,494 shares classified as Treasury Stock.

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PART I. FINANCIAL INFORMATION

ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

The condensed consolidated financial statements herein include the accounts of The Men’s Wearhouse, Inc. and its wholly owned or controlled subsidiaries (the “Company”) and have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). As applicable under such regulations, certain information and footnote disclosures have been condensed or omitted. We believe that the presentation and disclosures herein are adequate to make the information not misleading, and the condensed consolidated financial statements reflect all elimination entries and normal adjustments which are necessary for a fair statement of the results for the three months ended May 1, 2004 and April 30, 2005.

Operating results for interim periods are not necessarily indicative of the results for full years. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements for the year ended January 29, 2005 and the related notes thereto included in the Company’s Annual Report on Form 10-K for the year then ended filed with the SEC.

Unless the context otherwise requires, “Company”, “we”, “us” and “our” refer to The Men’s Wearhouse, Inc. and its wholly owned or controlled subsidiaries.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands)**

	<u>May 1, 2004</u>	<u>April 30, 2005</u>	<u>January 29, 2005</u>
	(as restated-note 10)		
	(Unaudited)	(Unaudited)	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 125,927	\$ 139,495	\$ 165,008
Accounts receivable, net	18,855	21,816	20,844
Inventories	390,011	422,519	406,225
Other current assets	<u>33,212</u>	<u>33,856</u>	<u>34,920</u>
Total current assets	568,005	617,686	626,997
PROPERTY AND EQUIPMENT, net	219,617	261,460	260,068
GOODWILL	43,162	55,510	55,824
OTHER ASSETS, net	<u>44,190</u>	<u>59,550</u>	<u>50,433</u>
TOTAL	<u>\$ 874,974</u>	<u>\$ 994,206</u>	<u>\$ 993,322</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 104,289	\$ 132,160	\$ 132,212
Accrued expenses	65,079	80,798	82,923
Income taxes payable	<u>27,832</u>	<u>27,670</u>	<u>23,633</u>
Total current liabilities	197,200	240,628	238,768
LONG-TERM DEBT	131,000	130,000	130,000
DEFERRED TAXES AND OTHER LIABILITIES	<u>46,142</u>	<u>54,245</u>	<u>55,706</u>
Total liabilities	<u>374,342</u>	<u>424,873</u>	<u>424,474</u>
COMMITMENTS AND CONTINGENCIES (Note 6 and Note 8)			
SHAREHOLDERS' EQUITY:			
Preferred stock	—	—	—
Common stock	431	443	436
Capital in excess of par	206,238	237,399	218,327
Retained earnings	457,129	536,134	513,430
Accumulated other comprehensive income	<u>6,470</u>	<u>15,478</u>	<u>17,477</u>
Total	670,268	789,454	749,670
Treasury stock, at cost	<u>(169,636)</u>	<u>(220,121)</u>	<u>(180,822)</u>
Total shareholders' equity	<u>500,632</u>	<u>569,333</u>	<u>568,848</u>
TOTAL	<u>\$ 874,974</u>	<u>\$ 994,206</u>	<u>\$ 993,322</u>

See Notes to Condensed Consolidated Financial Statements.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)
(Unaudited)

	For the Quarter Ended	
	May 1, 2004	April 30, 2005
	(as restated-note 10)	
Net sales	\$ 360,729	\$ 411,649
Cost of goods sold, including buying, distribution and occupancy costs	222,919	245,866
Gross margin	137,810	165,783
Selling, general and administrative expenses	112,742	128,909
Operating income	25,068	36,874
Interest income	(274)	(794)
Interest expense	1,351	1,487
Earnings before income taxes	23,991	36,181
Provision for income taxes	8,936	13,477
Net earnings	\$ 15,055	\$ 22,704
Net earnings per share:		
Basic	\$ 0.42	\$ 0.63
Diluted	\$ 0.41	\$ 0.61
Weighted average common shares outstanding:		
Basic	36,131	36,170
Diluted	36,812	37,223

See Notes to Condensed Consolidated Financial Statements.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	<u>For the Quarter Ended</u>	
	<u>May 1,</u> <u>2004</u>	<u>April 30,</u> <u>2005</u>
	(as restated-note 10)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 15,055	\$ 22,704
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	13,220	16,456
Deferred compensation and rent expense	(371)	(261)
Deferred tax provision	(1,808)	(1,900)
Increase in accounts receivable	(980)	(993)
Increase in inventories	(3,008)	(17,281)
Increase in other assets	(5,950)	(8,696)
Decrease in accounts payable and accrued expenses	(15,623)	(181)
Increase in income taxes payable	2,012	8,832
Increase in other liabilities	287	451
Net cash provided by operating activities	<u>2,834</u>	<u>19,131</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(9,239)	(17,976)
Investment in trademarks, tradenames and other assets	(23)	(21)
Net cash used in investing activities	<u>(9,262)</u>	<u>(17,997)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	624	13,925
Deferred financing costs	(1)	—
Purchase of treasury stock	—	(40,490)
Net cash provided by (used in) financing activities	<u>623</u>	<u>(26,565)</u>
Effect of exchange rate changes	(414)	(82)
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(6,219)</u>	<u>(25,513)</u>
Balance at beginning of period	<u>132,146</u>	<u>165,008</u>
Balance at end of period	<u>\$ 125,927</u>	<u>\$ 139,495</u>

See Notes to Condensed Consolidated Financial Statements.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)****1. Significant Accounting Policies**

Basis of Presentation — The condensed consolidated financial statements herein include the accounts of The Men's Wearhouse, Inc. and its wholly owned or controlled subsidiaries (the "Company") and have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). As applicable under such regulations, certain information and footnote disclosures have been condensed or omitted. We believe that the presentation and disclosures herein are adequate to make the information not misleading, and the condensed consolidated financial statements reflect all elimination entries and normal adjustments which are necessary for a fair presentation of the financial position, results of operations and cash flows at the dates and for the periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended January 29, 2005.

The preparation of the condensed consolidated financial statements in conformity with accounting principals generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual amounts could differ from those estimates.

Stock Based Compensation — As permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), we account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). We have adopted the disclosure-only provisions of SFAS No. 123 and continue to apply APB No. 25 and related interpretations in accounting for the stock option plans and the employee stock purchase plan.

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure" ("SFAS No. 148"). This statement amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The disclosures required by SFAS No. 148 are included below.

Had we elected to apply the accounting standards of SFAS No. 123, as amended by SFAS No. 148, our net earnings and net earnings per share would have been approximately the pro forma amounts indicated below (in thousands, except per share data):

	<u>For the Quarter Ended</u>	
	<u>May 1, 2004</u>	<u>April 30, 2005</u>
Net earnings, as reported	\$ 15,055	\$ 22,704
Add: Stock-based compensation, net of tax included in reported net earnings	3	39
Deduct: Stock-based compensation, net of tax determined under fair-value based method	(608)	(1,061)
Pro forma net earnings	<u>\$ 14,450</u>	<u>\$ 21,682</u>
Net earnings per share:		
As reported:		
Basic	\$ 0.42	\$ 0.63
Diluted	\$ 0.41	\$ 0.61
Pro forma:		
Basic	\$ 0.40	\$ 0.60
Diluted	\$ 0.39	\$ 0.58

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

Refer to “Recently Issued Accounting Pronouncements” below for a discussion of Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment” (“SFAS No. 123R”).

Recently Issued Accounting Pronouncements — In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151, “Inventory Costs — an Amendment of Accounting Research Bulletin (“ARB”) No. 43, Chapter 4” (“SFAS No. 151”). SFAS No. 151 amends ARB No. 43, Chapter 4, to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current period charges. It also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. We do not expect the adoption of SFAS No. 151 to have a material impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment”. SFAS No. 123R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. This Statement establishes the fair value method for measurement and requires all entities to apply this fair value method in accounting for share-based payment transactions. The amount of compensation cost will be measured based on the grant-date fair value of the instrument issued and will be recognized over the vesting period. SFAS No. 123R replaces SFAS 123 and supersedes APB No. 25. The provisions of SFAS No. 123R are effective for the first fiscal year beginning after June 15, 2005 for all awards granted or modified after that date and for those awards granted prior to that date that have not vested.

SFAS No. 123R requires companies to assess the most appropriate model to calculate the value of the options. In addition, there are a number of other requirements under the new standard that will result in differing accounting treatment than currently required. These differences include, but are not limited to, the accounting for the tax benefit on employee stock options and for stock issued under our employee stock purchase plan. In addition to the appropriate fair value model to be used for valuing share-based payments, we will also be required to determine the transition method to be used at date of adoption. The allowed transition methods include modified prospective and modified retroactive adoption options. Under the modified retroactive options, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The modified prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first quarter of adoption of SFAS No. 123R, while the modified retroactive method would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. We plan to adopt SFAS No. 123R at the beginning of fiscal 2006 using the modified prospective method.

Upon adoption, SFAS No. 123R will have a significant impact on our consolidated financial statements as we will be required to expense the fair value of our stock option grants and stock purchases under our employee stock purchase plan rather than disclose the impact on our consolidated net earnings and net earnings per share within our footnotes, as is our current practice in accordance with SFAS No. 123. The impact of adoption of SFAS No. 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS No. 123R in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net earnings and pro forma net earnings per share elsewhere in this Note 1.

In March 2005, the FASB issued FASB Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations,” (“FIN 47”). FIN 47 clarifies that the term “conditional” as used in SFAS No. 143, “Accounting for Asset Retirement Obligations,” refers to a legal obligation to perform an asset retirement activity even if the timing and/or settlement are conditional on a future event that may or may not be within the control of an entity. Accordingly, the entity must record a liability for the conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. FIN 47 is effective no later than the end of the fiscal year ending after December 15, 2005. We do not expect the adoption of FIN 47 to have a material impact on our financial position, results of operations or cash flows.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)****2. Earnings per Share**

Basic EPS is computed using the weighted average number of common shares outstanding during the period and net earnings. Diluted EPS gives effect to the potential dilution which would have occurred if additional shares were issued for stock options exercised under the treasury stock method, as well as the potential dilution that could occur if our contingent convertible debt or other contracts to issue common stock were converted or exercised. No dilution from the contingent convertible debt or other contracts has occurred.

3. Accounting For Derivative Instruments and Hedging

In connection with our direct sourcing program, we may enter into purchase commitments that are denominated in a foreign currency (primarily the Euro). Our policy is to enter into foreign currency forward exchange contracts to minimize foreign currency exposure related to forecasted purchases of certain inventories. Under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), such contracts have been designated as and accounted for as cash flow hedges. The settlement terms of the forward contracts, including amount, currency and maturity, correspond with payment terms for the merchandise inventories. Any ineffective portion of a hedge is reported in earnings immediately. At April 30, 2005 we had 16 contracts maturing in varying increments to purchase an aggregate notional amount of \$6.2 million in foreign currency, maturing at various dates through December 2005. During the first quarter of 2004 and the first quarter of 2005, we recognized an immaterial amount of hedge ineffectiveness.

The changes in the fair value of the foreign currency forward exchange contracts are matched to inventory purchases by period and are recognized in earnings as such inventory is sold. The fair value of the forward exchange contracts is estimated by comparing the cost of the foreign currency to be purchased under the contracts using the exchange rates obtained under the contracts (adjusted for forward points) to the hypothetical cost using the spot rate at quarter end. We expect to recognize in earnings through December 2005 approximately \$0.3 million, net of tax, of existing net gains presently deferred in accumulated other comprehensive income.

4. Comprehensive Income and Supplemental Cash Flows

Our comprehensive income is as follows (in thousands):

	For the Quarter Ended	
	May 1, 2004	April 30, 2005
Net earnings	\$ 15,055	\$ 22,704
Change in derivative fair value, net of tax	(577)	(148)
Currency translation adjustments, net of tax	(3,310)	(1,851)
Comprehensive income	<u>\$ 11,168</u>	<u>\$ 20,705</u>

We paid cash during the first quarter of 2004 of \$2.0 million for interest and \$8.8 million for income taxes, compared with \$2.2 million for interest and \$6.7 million for income taxes during the first quarter of 2005. We had non-cash investing and financing activities resulting from the tax benefit recognized upon exercise of stock options of \$43 thousand during the first quarter of 2004 and \$4.8 million for the first quarter of 2005. We had non-cash investing and financing activities resulting from the issuance of treasury stock to the employee stock ownership plan of \$1.0 million and \$1.5 million for the first quarters of 2004 and 2005, respectively.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)****5. Goodwill and Other Intangible Assets**

Changes in the net carrying amount of goodwill for the year ended January 29, 2005 and for the three months ended April 30, 2005 are as follows (in thousands):

Balance, January 31, 2004	\$43,867
Goodwill of acquired business	10,538
Translation adjustment	<u>1,419</u>
Balance, January 29, 2005	\$55,824
Translation adjustment	<u>(314)</u>
Balance, April 30, 2005	<u>\$55,510</u>

In September 2004, we acquired the assets and operating leases for 11 retail dry cleaning and laundry facilities operating in the Houston, Texas area.

The gross carrying amount and accumulated amortization of our other intangibles, which are included in other assets in the accompanying balance sheet, are as follows (in thousands):

	<u>May 1, 2004</u>	<u>April 30, 2005</u>	<u>January 29, 2005</u>
Trademarks, tradenames and other intangibles	\$ 9,475	\$ 9,733	\$ 9,733
Accumulated amortization	<u>(2,662)</u>	<u>(3,529)</u>	<u>(3,307)</u>
Net total	<u>\$ 6,813</u>	<u>\$ 6,204</u>	<u>\$ 6,426</u>

The pretax amortization expense associated with intangible assets totaled approximately \$212,000 and \$222,000 for the quarters ended May 1, 2004 and April 30, 2005, respectively, and approximately \$857,000 for the year ended January 29, 2005. Pretax amortization associated with intangible assets at April 30, 2005 is estimated to be \$665,000 for the remainder of fiscal year 2005, \$832,000 for fiscal year 2006, \$674,000 for each of the fiscal years 2007 and 2008 and \$658,000 for fiscal year 2009.

6. Long-Term Debt

We have a revolving credit agreement with a group of banks (the "Credit Agreement") that provides for borrowing of up to \$100.0 million through July 7, 2009 (amended in July 2004 to extend the maturity date). The Credit Agreement is secured by substantially all of the stock of the subsidiaries of The Men's Wearhouse, Inc. Advances under the Credit Agreement bear interest at a rate per annum equal to, at our option, the agent's prime rate or the reserve adjusted LIBOR rate plus a varying interest rate margin up to 2.25%. The Credit Agreement also provides for fees applicable to unused commitments ranging from 0.275% to 0.500%. As of April 30, 2005, there were no borrowings outstanding under the Credit Agreement.

The Credit Agreement contains certain restrictive and financial covenants, including the requirement to maintain a minimum level of net worth and certain financial ratios. The Credit Agreement also prohibits payment of cash dividends on our common stock. We were in compliance with the covenants in the Credit Agreement as of April 30, 2005.

On October 21, 2003, we issued \$130.0 million of 3.125% Convertible Senior Notes due 2023 in a private placement. Interest on the Notes is payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2004. The Notes will mature on October 15, 2023. However, holders may require us to purchase all or part of the Notes, for cash, at a purchase price of 100% of the principal amount per Note plus accrued and unpaid interest on October 15, 2008, October 15, 2013 and October 15, 2018 or upon a designated event. Beginning on October 15, 2008, we will pay additional contingent interest on the Notes if the average trading price of the Notes is above a specified level during a specified period.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**
(Unaudited)

In addition, we may redeem all or a portion of the Notes on or after October 20, 2008, at 100% of the principal amount of the Notes plus any accrued and unpaid interest, contingent interest and additional amounts, if any. We also have the right to redeem the Notes between October 20, 2006 and October 19, 2008 if the price of our common stock reaches certain levels.

During certain periods, the Notes are convertible by holders into shares of our common stock initially at a conversion rate of 23.3187 shares of common stock per \$1,000 principal amount of Notes, which is equivalent to an initial conversion price of \$42.88 per share of common stock (subject to adjustment in certain events), under the following circumstances: (1) if the closing sale price of our common stock issuable upon conversion exceeds 120% of the conversion price under specified conditions; (2) if we call the Notes for redemption; or (3) upon the occurrence of specified corporate transactions. Upon conversion of the Notes, in lieu of delivering common stock we may, at our election, deliver cash or a combination of cash and common stock. However, on January 28, 2005, we entered into a supplemental indenture relating to the Notes and irrevocably elected to settle the principal amount at issuance of such Notes in 100% cash when they become convertible and are surrendered by the holders thereof. The Notes are general senior unsecured obligations, ranking on parity in right of payment with all our existing and future unsecured senior indebtedness and our other general unsecured obligations, and senior in right of payment with all our future subordinated indebtedness. The Notes are effectively subordinated to all of our senior secured indebtedness and all indebtedness and liabilities of our subsidiaries.

In December 2003, we acquired the assets and operating leases for 13 retail dry cleaning and laundry facilities and issued a note payable for \$1.0 million as partial consideration. The unsecured note payable, with interest at 4%, was paid in full in January 2005.

We utilize letters of credit primarily to secure inventory purchases. At April 30, 2005, letters of credit totaling approximately \$16.5 million were issued and outstanding.

7. Stock Repurchase Program

In September 2003, the Board of Directors authorized a program for the repurchase of up to \$100.0 million of Company common stock in the open market or in private transactions. No shares were repurchased under this program during the first quarter of 2004. However, in the aggregate, as of May 1, 2004, we had purchased under this program 1,405,400 shares at a cost of \$42.4 million in private transactions and 1,713,400 shares at a cost of \$42.6 million in open market transactions, for a total of 3,118,800 shares at an average price per share of \$27.28.

In June 2004, the Board of Directors authorized a program for the repurchase of up to \$50.0 million of our common stock in the open market or in private transactions. This authorization superceded the remaining availability under the September 2003 authorization.

The following table shows activity under the June 2004 treasury stock repurchase program for the quarter ending April 30, 2005 (in thousands, except share data and average price per share):

	<u>Shares</u>	<u>Cost(1)</u>	<u>Average Price Per Share</u>
Total shares repurchased as of January 29, 2005	99,400	\$ 2,485	\$ 24.99
Repurchases under the program in open market transactions	1,002,500	40,490	40.39
Total shares repurchased as of April 30, 2005	<u>1,101,900</u>	<u>\$42,975</u>	<u>\$ 39.00</u>

(1) The approximate dollar value remaining under the June 2004 \$50.0 million authorization at April 30, 2005 was \$7.0 million.

On May 12, 2005, the Company's Board of Directors approved a replenishment of the Company's share repurchase program to \$50.0 million by authorizing \$43.0 million to be added to the remaining \$7.0 million under the June 2004 authorization program.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

8. Legal Matters

On April 18, 2003, a lawsuit was filed against the Company in the Superior Court of California for the County of Orange, Case No. 03CC00132 (the "Orange County Suit"). The Orange County Suit was brought as a purported class action and alleged several causes of action, each based on the factual allegation that in the State of California the Company misclassified its managers and assistant managers as exempt from the application of certain California labor statutes. Because of this alleged misclassification, the Orange County Suit alleged that the Company failed to pay overtime compensation and provide the required rest periods to such employees. The Orange County Suit sought, among other things, declaratory and injunctive relief along with an accounting as to alleged wages, premium pay, penalties, interest and restitution allegedly due the class defendants. The Orange County Suit was settled in May 2005 and did not have a material adverse effect on our financial position, results of operations or cash flows.

On April 1, 2004, a lawsuit was filed against the Company in the Superior Court of California for the County of Los Angeles, Case No. BC313038 (the "PII Suit"). The PII Suit, which was brought as a purported class action, alleges two causes of action, each based on the factual allegation that the Company requests or requires, in conjunction with a customer's use of his or her credit card, the customer to provide personal identification information which is recorded upon the credit card transaction form. The PII Suit seeks: (i) civil penalties pursuant to the California Civil Code; (ii) an order enjoining the Company from requesting or requiring that a customer provide personal identification information which is then recorded on the transaction form; (iii) permanent and preliminary injunctions against the Company requesting or requiring that a customer provide personal identification information which is then recorded on the transaction form; (iv) restitution of all funds allegedly acquired by means of any act or practice declared by the Court to be unlawful or fraudulent or to constitute a violation of the California Business and Professions Code; (v) attorney's fees; and (vi) costs of suit. The Court has not yet decided whether the action may proceed as a class action. The Court has determined that the claim for restitution may not proceed. We have reached a tentative settlement; however, no assurance can be given that the Court will approve the settlement or that the anticipated resolution will be realized. We do not believe the ultimate resolution of the PII Suit will have a material adverse effect on our financial position, results of operations or cash flows.

In addition, we are involved in various routine legal proceedings, including ongoing litigation, incidental to the conduct of our business. Management believes that none of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

9. Subsequent Event

On May 18, 2005, the Company issued a press release announcing that a Special Committee of the Company's Board of Directors, pursuant to specifically delegated authority, declared a three for two stock split of the Company's common stock, \$.01 par value, in the form of a stock dividend to be paid on June 13, 2005, to shareholders of record of said stock at the close of business on May 31, 2005 (the "Record Date"). Share and per share information included in the accompanying condensed consolidated financial statements has not been restated to reflect the stock split.

10. Restatement of Financial Statements

Like many other companies in the retail and restaurant industries, we reviewed our accounting treatment for leases and depreciation of related leasehold improvements during the fourth quarter of fiscal 2004 and restated our consolidated financial statements for fiscal years 2002 and 2003 and the first three fiscal quarters of fiscal 2004 in our Annual Report on Form 10-K for the fiscal year ended January 29, 2005.

Historically, when accounting for leases, we recorded rent expense on a straight-line basis over the initial non-cancelable lease term, with the term commencing generally when the store opened. We depreciated leasehold improvements on those properties over the lesser of the useful life of the asset or an average period, ranging from eight to 15 years for different leasehold groups, which represented the initial non-cancelable lease term plus periods of expected renewal. Landlord incentives received for reimbursement of leasehold improvements were netted against the amount recorded for the leasehold improvements.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

We conformed our lease terms used for recording straight-line rent and depreciation of leasehold improvements to include renewal option periods where the renewal appears reasonably assured. The lease terms commence when we take possession with the right to control use of the leased premises. We also adopted a policy of capitalizing rent amounts allocated to the construction period for leased properties as leasehold improvements. Landlord incentives received for reimbursement of leasehold improvements are recorded as deferred rent and amortized as a reduction to rent expense over the term of the lease.

The following table contains information regarding the impact of the restatement adjustments on our condensed consolidated balance sheet as of May 1, 2004, and our condensed consolidated statement of earnings and condensed consolidated statement of cash flows for the quarter ended May 1, 2004 (in thousands, except per share amounts):

	For the Quarter Ended May 1, 2004		
	As Previously Reported	Adjustment	As Restated
Condensed Consolidated Balance Sheet:			
Other current assets	\$ 33,067	\$ 145	\$ 33,212
Property and equipment, net	210,512	9,105	219,617
Total assets	865,724	9,250	874,974
Income taxes payable	27,883	(51)	27,832
Deferred taxes and other liabilities	31,193	14,949	46,142
Retained earnings	462,662	(5,533)	457,129
Accumulated other comprehensive income	6,585	(115)	6,470
Total shareholders' equity	506,280	(5,648)	500,632
Condensed Consolidated Statement of Earnings:			
Cost of goods sold, including buying, distribution and occupancy costs	\$ 222,857	\$ 62	\$ 222,919
Gross margin	137,872	(62)	137,810
Selling, general and administrative expenses	112,738	4	112,742
Operating income	25,134	(66)	25,068
Earnings before income taxes	24,057	(66)	23,991
Provision for income taxes	8,961	(25)	8,936
Net earnings	15,096	(41)	15,055
Diluted earnings per share (1)	0.41	(0.0004)	0.41
Condensed Consolidated Statement of Cash Flows:			
Cash provided by operating activities	\$ 2,166	\$ 668	\$ 2,834
Cash used in investing activities	(8,594)	(668)	(9,262)

(1) Due to the effect of rounding, the sum of the per share amounts may not equal the effect of the adjustment.

**ITEM 2 — MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Restatement of Financial Statements

Management’s Discussion and Analysis of Financial Condition and Results of Operations as presented herein gives effect to the restatement of our condensed consolidated financial statements for the first quarter of fiscal 2004 for certain lease accounting adjustments. See Note 10 of Notes to Condensed Consolidated Financial Statements for a description of the adjustments.

General

For supplemental information, it is suggested that “Management’s Discussion and Analysis of Financial Condition and Results of Operations” be read in conjunction with the corresponding section included in our Annual Report on Form 10-K for the year ended January 29, 2005. References herein to years are to our 52-week or 53-week fiscal year which ends on the Saturday nearest January 31 in the following calendar year. For example, references to “2005” mean the 52-week fiscal year ending January 28, 2006.

The following table presents information with respect to retail apparel stores in operation during each of the respective fiscal periods:

	<u>For the Quarter Ended</u>		<u>Year Ended</u>
	<u>May 1, 2004</u>	<u>April 30, 2005</u>	<u>January 29, 2005</u>
Stores open at beginning of period:	693	707	693
Opened	5	5	20
Closed	(3)	(2)	(6)
Stores open at end of period	<u>695</u>	<u>710</u>	<u>707</u>
Stores open at end of period:			
U.S. —			
Men’s Wearhouse	508	520	517
K&G	<u>73</u>	<u>76</u>	<u>76</u>
	581	596	593
Canada — Moores	<u>114</u>	<u>114</u>	<u>114</u>
	<u>695</u>	<u>710</u>	<u>707</u>

In connection with our strategy of testing opportunities to market complementary products and services, in December 2003 and in September 2004 we acquired the assets and operating leases for 13 and 11, respectively, retail dry cleaning and laundry facilities operating in the Houston, Texas area. We launched a rebranding campaign for these facilities in March 2005, under the banner MW Cleaners. We may open or acquire additional facilities on a limited basis during 2005 as we continue to test market and evaluate the feasibility of developing a national retail dry cleaning and laundry line of business.

During fiscal year 2004, we opened six new casual clothing/sportswear concept stores in order to test an expanded, more fashion-oriented merchandise concept for men and women. In March 2005, it was determined that no further investments would be made into these fashion-oriented test concept stores and that the six stores opened in 2004 would be wound down over the course of fiscal 2005. At April 30, 2005, five of these test concept stores remained in operation. It is anticipated that these five stores will be closed by June 30, 2005.

During the fourth quarter of fiscal 2004, we opened two test bridal stores in the San Francisco Bay Area in order to test additional opportunities in the bridal industry. These stores are located contiguous to existing Men’s Wearhouse stores. We may open additional stores on a limited basis during 2005 as we continue to test the market and opportunities in the bridal industry.

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Results of Operations

Quarter Ended April 30, 2005 Compared with Quarter Ended May 1, 2004

Our net sales were \$411.6 million for the quarter ended April 30, 2005, a \$50.9 million or 14.1% increase from the same prior year period due mainly to a \$46.6 million increase in clothing and alteration sales. Our U.S. comparable store sales (which are calculated primarily by excluding the net sales of a store for any month of one period if the store was not open throughout the same month of the prior period) increased 10.9% due mainly to increased store traffic levels at our traditional Men's Wearhouse stores and at our K&G stores where the hours of operation were extended from four days to seven days a week beginning September 1, 2004. Improvement was experienced in nearly all product categories at both our Men's Wearhouse and K&G stores. We have also experienced an improved customer response at our K&G stores as a result of a comparative advertising campaign. In Canada, comparable store sales increased 4.2% as a result of increased store traffic and increased unit sales in almost all product categories. Combined U.S. and Canadian tuxedo rental revenues increased by \$1.4 million but decreased slightly as a percentage of total revenues from 5.0% in the first quarter of 2004 to 4.8% in the first quarter of 2005.

Gross margin increased 20.3% from the same prior year quarter to \$165.8 million in the first quarter of 2005. As a percentage of sales, gross margin increased from 38.2% in the first quarter of 2004 to 40.3% in the first quarter of 2005. This increase in gross margin percentage resulted mainly from higher initial mark-ups and lower markdowns that produced higher clothing product margins. The gross margin percentage was also increased as occupancy cost, which is relatively constant on a per store basis and includes store related rent, common area maintenance, utilities, repairs and maintenance, security, property taxes and depreciation, decreased modestly as a percentage of sales from the first quarter of 2004 to the first quarter of 2005. However, on an absolute dollar basis, occupancy cost increased by 6.4% from the first quarter of 2004 to the first quarter of 2005 due mainly to higher rent expense from our increased store count and renewals of existing leases at higher rates.

Selling, general and administrative ("SG&A") expenses, as a percentage of sales, remained constant at 31.3% for both the first quarter of 2004 and the first quarter of 2005. SG&A expenditures, however, increased by \$16.2 million or 14.3% to \$128.9 million. As a percentage of sales, advertising expense decreased from 3.9% to 3.7% of net sales, store salaries decreased from 12.6% to 12.5% of net sales and other SG&A expenses increased from 14.8% to 15.1% of net sales. On an absolute dollar basis, the principal components of SG&A expenses increased primarily as a result of increased commissions due to higher sales and costs associated with the planned closure of our R&D retail concept "Eddie Rodriguez."

Interest expense increased from \$1.4 million in the first quarter of 2004 to \$1.5 million in the first quarter of 2005 while interest income increased from \$0.3 million in the first quarter of 2004 to \$0.8 million in the first quarter of 2005. Weighted average borrowings outstanding decreased from \$131.0 million in the first quarter of 2004 to \$130.0 million in the first quarter of 2005, and the weighted average interest rate on outstanding indebtedness increased from 3.3% to 3.4%. The decrease in weighted average borrowings is due to the payment of our unsecured note payable for \$1.0 million in January 2005. The increase in the weighted average interest rate is due to modestly higher commitment fees.

Our effective income tax rate was 37.3% for the first quarter of 2004 and for the first quarter of 2005. The effective tax rate was higher than the statutory U.S. federal rate of 35% primarily due to the effect of state income taxes.

These factors resulted in net earnings of \$22.7 million or 5.5% of net sales for the first quarter of 2005, compared with net earnings of \$15.1 million or 4.2% of net sales for the first quarter of 2004.

Liquidity and Capital Resources

We have a revolving credit agreement with a group of banks (the "Credit Agreement") that provides for borrowing of up to \$100.0 million through July 7, 2009 (amended in July 2004 to extend the maturity date). The Credit Agreement is secured by substantially all of the stock of the subsidiaries of The Men's Wearhouse, Inc. Advances under the Credit Agreement bear interest at a rate per annum equal to, at our option, the agent's prime rate or the reserve adjusted LIBOR rate plus a varying interest rate margin up to 2.25%. The Credit Agreement also provides for fees applicable to unused commitments ranging from 0.275% to 0.500%. As of April 30, 2005, there were no borrowings outstanding under the Credit Agreement.

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The Credit Agreement contains certain restrictive and financial covenants, including the requirement to maintain a minimum level of net worth and certain financial ratios. The Credit Agreement also prohibits payment of cash dividends on our common stock. We were in compliance with the covenants in the Credit Agreement as of April 30, 2005.

On October 21, 2003, we issued \$130.0 million of 3.125% Convertible Senior Notes due 2023 in a private placement. Interest on the Notes is payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2004. The Notes will mature on October 15, 2023. However, holders may require us to purchase all or part of the Notes, for cash, at a purchase price of 100% of the principal amount per Note plus accrued and unpaid interest on October 15, 2008, October 15, 2013 and October 15, 2018 or upon a designated event. Beginning on October 15, 2008, we will pay additional contingent interest on the Notes if the average trading price of the Notes is above a specified level during a specified period. In addition, we may redeem all or a portion of the Notes on or after October 20, 2008, at 100% of the principal amount of the Notes plus any accrued and unpaid interest, contingent interest and additional amounts, if any. We also have the right to redeem the Notes between October 20, 2006 and October 19, 2008 if the price of our common stock reaches certain levels.

During certain periods, the Notes are convertible by holders into shares of our common stock initially at a conversion rate of 23.3187 shares of common stock per \$1,000 principal amount of Notes, which is equivalent to an initial conversion price of \$42.88 per share of common stock (subject to adjustment in certain events), under the following circumstances: (1) if the closing sale price of our common stock issuable upon conversion exceeds 120% of the conversion price under specified conditions; (2) if we call the Notes for redemption; or (3) upon the occurrence of specified corporate transactions. Upon conversion of the Notes, in lieu of delivering common stock we may, at our election, deliver cash or a combination of cash and common stock. However, on January 28, 2005, we entered into a supplemental indenture relating to the Notes and irrevocably elected to settle the principal amount at issuance of such Notes in 100% cash when they become convertible and are surrendered by the holders thereof. The Notes are general senior unsecured obligations, ranking on parity in right of payment with all our existing and future unsecured senior indebtedness and our other general unsecured obligations, and senior in right of payment with all our future subordinated indebtedness. The Notes are effectively subordinated to all of our senior secured indebtedness and all indebtedness and liabilities of our subsidiaries.

In December 2003, we acquired the assets and operating leases for 13 retail dry cleaning and laundry facilities and issued a note payable for \$1.0 million as partial consideration. The unsecured note payable, with interest at 4%, was paid in full in January 2005.

We utilize letters of credit primarily to secure inventory purchases. At April 30, 2005, letters of credit totaling approximately \$16.5 million were issued and outstanding.

Working capital was \$377.1 million at April 30, 2005, which is down from \$388.2 million at January 29, 2005 and up from \$370.8 million at May 1, 2004. Historically, our working capital has been at its lowest level in January and February and has increased through November as inventory buildup is financed with both vendor payables and credit facility borrowings in preparation for the fourth quarter selling season. Working capital at April 30, 2005 is lower than at January 29, 2005 due mainly to purchases of treasury stock made during the first quarter of 2005.

Our operating activities provided net cash of \$2.8 million during the first quarter of 2004, due mainly to net earnings, adjusted for non-cash charges, and an increase in income taxes payable, offset by decreases in accounts payable and accrued expenses and increases in inventories and other assets. During the first quarter of 2005, our operating activities provided net cash of \$19.1 million, due mainly to net earnings, adjusted for non-cash charges, and an increase in income taxes payable, offset by increases in inventories and other assets. The decrease in accounts payable and accrued expenses in the first quarter of 2004 was due primarily to the payment of higher bonuses accrued at the end of 2003 and payment for treasury stock purchased as of the end of 2003. Inventories increased in the first quarter of 2004 and 2005 due mainly to seasonal inventory buildup. Other assets increased in the first quarter of 2004 and 2005 mainly due to purchases of tuxedo rental product. The increase in income taxes payable in the first quarter of 2004 and 2005 was due primarily to increased earnings.

Our investing activities used net cash of \$9.3 million and \$18.0 million for the first quarter of 2004 and 2005, respectively. Cash used in investing activities was primarily comprised of capital expenditures relating to stores opened, remodeled or relocated during the period or under construction at the end of the period, distribution facility additions and infrastructure technology investments. The increase in capital expenditures in the first quarter of 2005 is mainly attributable to additions to our new Canadian tuxedo distribution center purchased in January 2005 and additions to our Houston distribution center to further accommodate our current and future operations.

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Our financing activities provided net cash of \$0.6 million for the first quarter of 2004 due mainly to proceeds from the issuance of our common stock in connection with the exercise of stock options. During the first quarter of 2005, our financing activities used net cash of \$26.6 million due mainly to purchases of treasury stock offset by proceeds from the issuance of our common stock in connection with the exercise of stock options.

In September 2003, the Board of Directors authorized a program for the repurchase of up to \$100.0 million of Company common stock in the open market or in private transactions. No shares were repurchased under this program during the first quarter of 2004. However, in the aggregate, as of May 1, 2004, we had purchased under this program 1,405,400 shares at a cost of \$42.4 million in private transactions and 1,713,400 shares at a cost of \$42.6 million in open market transactions, for a total of 3,118,800 shares at an average price per share of \$27.28.

In June 2004, the Board of Directors authorized a program for the repurchase of up to \$50.0 million of our common stock in the open market or in private transactions. This authorization superceded the remaining availability under the September 2003 authorization. As of April 30, 2005, a total of 1,101,900 shares at a cost of \$43.0 million were repurchased in open market transactions under this program at an average price per share of \$39.00. During the first quarter of 2005, a total of 1,002,500 shares at a cost of \$40.5 million were repurchased under this program at an average price per share of \$40.39.

On May 12, 2005, the Company's Board of Directors approved a replenishment of the Company's share repurchase program to \$50.0 million by authorizing \$43.0 million to be added to the remaining \$7.0 million under the June 2004 authorization program.

We anticipate that our existing cash and cash flow from operations, supplemented by borrowings under our Credit Agreement, will be sufficient to fund planned store openings, other capital expenditures and operating cash requirements for at least the next 12 months.

As substantially all of our cash is held by three financial institutions, we are exposed to risk of loss in the event of failure of any of these parties. However, due to the creditworthiness of these three financial institutions, we anticipate full performance and access to our deposits and liquid investments.

In connection with our direct sourcing program, we may enter into purchase commitments that are denominated in a foreign currency (primarily the Euro). We generally enter into forward exchange contracts to reduce the risk of currency fluctuations related to such commitments. As these forward exchange contracts are with one financial institution, we are exposed to credit risk in the event of nonperformance by this party. However, due to the creditworthiness of this major financial institution, full performance is anticipated. We may also be exposed to market risk as a result of changes in foreign exchange rates. This market risk should be substantially offset by changes in the valuation of the underlying transactions.

Forward-Looking Statements

Certain statements made herein and in other public filings and releases by the Company contain "forward-looking" information (as defined in the Private Securities Litigation Reform Act of 1995) that involves risk and uncertainty. These forward-looking statements may include, but are not limited to, future capital expenditures, acquisitions (including the amount and nature thereof), future sales, earnings, margins, costs, number and costs of store openings, demand for clothing, market trends in the retail clothing business, currency fluctuations, inflation and various economic and business trends. Forward-looking statements may be made by management orally or in writing, including, but not limited to, this Management's Discussion and Analysis of Financial Condition and Results of Operations section and other sections of our filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and the Securities Act of 1933.

Actual results and trends in the future may differ materially depending on a variety of factors including, but not limited to, domestic and international economic activity and inflation, our successful execution of internal operating plans and new store and new market expansion plans, performance issues with key suppliers, severe weather, foreign currency fluctuations, government export and import policies and legal proceedings. Future results will also be dependent upon our ability to continue to identify and complete successful expansions and penetrations into existing and new markets and our ability to integrate such expansions with our existing operations.

Expansion into more fashion-oriented merchandise categories or into complementary products and services may present greater risks. We are continuously assessing opportunities to expand complementary products and services related to our

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traditional business, such as corporate apparel sales and retail dry cleaning establishments. We may expend both capital and personnel resources on such business opportunities which may or may not be successful.

Our business is particularly sensitive to economic conditions and consumer confidence. Consumer confidence is often adversely impacted by many factors including local, regional or national economic conditions, continued threats of terrorism, acts of war and other uncertainties. We believe that a decrease in consumer spending will affect us more than other retailers because men's discretionary spending for items like tailored apparel tends to slow faster than other retail purchases.

According to industry sources, sales in the men's tailored clothing market generally have declined over the past several years and increased only modestly in 2004. We believe that this trend is attributable primarily to: (1) men allocating less of their income to tailored clothing and (2) certain employers relaxing their dress codes. We believe that this trend in sales has contributed, and will continue to contribute, to a consolidation among retailers of men's tailored clothing. Although we have been able to increase our share of the men's tailored clothing market, we may not be able to continue to expand our sales volume or maintain our profitability within our segment of the retailing industry.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to exposure from fluctuations in U.S. dollar/Euro exchange rates and the Canadian dollar/Euro exchange rates. As further described in Note 3 of Notes to Condensed Consolidated Financial Statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources”, we utilize foreign currency forward exchange contracts to limit exposure to changes in currency exchange rates. At April 30, 2005, we had 16 contracts maturing in varying increments to purchase an aggregate notional amount of \$6.2 million in foreign currency, maturing at various dates through December 2005. At May 1, 2004, we had 39 contracts maturing in varying increments to purchase an aggregate notional amount of \$23.2 million in foreign currency, maturing at various dates through December 2005. Unrealized pretax gains on these forward contracts totaled approximately \$0.1 million at May 1, 2004 and \$0.4 million at April 30, 2005. A hypothetical 10% change in applicable April 30, 2005 forward rates could increase or decrease the April 30, 2005 unrealized pretax gain by approximately \$0.6 million related to these positions. However, it should be noted that any change in the value of these contracts, whether real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged item.

Moore’s conducts its business in Canadian dollars. The exchange rate between Canadian dollars and U.S. dollars has fluctuated over the last ten years. If the value of the Canadian dollar against the U.S. dollar weakens, then the revenues and earnings of our Canadian operations will be reduced when they are translated to U.S. dollars. Also, the value of our Canadian net assets in U.S. dollars may decline.

ITEM 4 — CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s principal executive officer (“CEO”) and principal financial officer (“CFO”), evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the fiscal quarter ended April 30, 2005. Based on this evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective as of the end of the fiscal quarter ended April 30, 2005 to ensure that information that is required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended April 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

On April 18, 2003, a lawsuit was filed against the Company in the Superior Court of California for the County of Orange, Case No. 03CC00132 (the “Orange County Suit”). The Orange County Suit was brought as a purported class action and alleged several causes of action, each based on the factual allegation that in the State of California the Company misclassified its managers and assistant managers as exempt from the application of certain California labor statutes. Because of this alleged misclassification, the Orange County Suit alleged that the Company failed to pay overtime compensation and provide the required rest periods to such employees. The Orange County Suit sought, among other things, declaratory and injunctive relief along with an accounting as to alleged wages, premium pay, penalties, interest and restitution allegedly due the class defendants. The Orange County Suit was settled in May 2005 and did not have a material adverse effect on our financial position, results of operations or cash flows.

On April 1, 2004, a lawsuit was filed against the Company in the Superior Court of California for the County of Los Angeles, Case No. BC313038 (the “PII Suit”). The PII Suit, which was brought as a purported class action, alleges two causes of action, each based on the factual allegation that the Company requests or requires, in conjunction with a customer’s use of his or her credit card, the customer to provide personal identification information which is recorded upon the credit card transaction form. The PII Suit seeks: (i) civil penalties pursuant to the California Civil Code; (ii) an order enjoining the Company from requesting or requiring that a customer provide personal identification information which is then recorded on the transaction form; (iii) permanent and preliminary injunctions against the Company requesting or requiring that a customer provide personal identification information which is then recorded on the transaction form; (iv) restitution of all funds allegedly acquired by means of any act or practice declared by the Court to be unlawful or fraudulent or to constitute a violation of the California Business and Professions Code; (v) attorney’s fees; and (vi) costs of suit. The Court has not yet decided whether the action may proceed as a class action. The Court has determined that the claim for restitution may not proceed. We have reached a tentative settlement; however, no assurance can be given that the Court will approve the settlement or that the anticipated resolution will be realized. We do not believe the ultimate resolution of the PII Suit will have a material adverse effect on our financial position, results of operations or cash flows.

In addition, we are involved in various routine legal proceedings, including ongoing litigation, incidental to the conduct of our business. Management believes that none of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

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ITEM 2 — CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table presents information with respect to purchases of common stock of the Company made during the quarter ended April 30, 2005 as defined by Rule 10b-18(a)(3) under the Exchange Act:

<u>Period</u>	<u>(a) Total Number of Shares Purchased</u>	<u>(b) Average Price Paid Per Share</u>	<u>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs</u>
January 30, 2005 through February 26, 2005	0	\$ 0.00	0	\$ 47,500
February 27, 2005 through April 2, 2005	864,900	\$ 40.13	864,900	\$ 12,800
April 3, 2005 through April 30, 2005	137,600	\$ 42.01	137,600	\$ 7,000
Total	1,002,500	\$ 40.39	1,002,500	\$ 7,000

On May 12, 2005, the Company's Board of Directors approved a replenishment of the Company's share repurchase program to \$50.0 million by authorizing \$43.0 million to be added to the remaining \$7.0 million under the June 2004 authorization program. Refer to Note 7 of Notes to Condensed Consolidated Financial Statements for further information regarding our share repurchase program.

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ITEM 6 — EXHIBITS

(a) Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Index</u>
4.1	— Third Amendment to Revolving Credit Agreement dated May 18, 2005, by and between the Company and JP Morgan Chase Bank N.A. and the banks listed therein (filed herewith).
31.1	— Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith).
31.2	— Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith).
32.1	— Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith).
32.2	— Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant, The Men's Wearhouse, Inc., has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: June 9, 2005

THE MEN'S WEARHOUSE, INC.

By /s/ NEILL P. DAVIS

Neill P. Davis

Executive Vice President, Chief Financial Officer and

Principal Financial Officer

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32.2	— Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith).

THIRD AMENDMENT TO REVOLVING CREDIT AGREEMENT

This Third Amendment to Revolving Credit Agreement (this "Amendment"), dated as of May 18, 2005 (the "Amendment Effective Date"), is by and among The Men's Wearhouse, Inc., a Texas corporation (the "Borrower"), the financial institutions party hereto (collectively, the "Banks" and individually, a "Bank") and JPMorgan Chase Bank, N.A. (together with any successor thereof, "JPMorgan Chase") in its capacity as administrative agent (the "Agent") for the Banks.

Whereas, the Borrower, the Banks, the Agent, JPMorgan Chase, J.P. Morgan Securities Inc. (as "Sole Bookrunner"), J.P. Morgan Securities Inc. and Fleet Securities, Inc. (together as "Co-Lead Arrangers"), Wachovia Bank, National Association and Fleet National Bank (together, as "Co-Syndication Agents") previously entered into that certain Revolving Credit Agreement dated as of January 29, 2003 (as amended from time to time, the "Credit Agreement");

Whereas, the Borrower has requested an amendment to the Credit Agreement to increase by \$50 million the amount of its Capital Stock that it may repurchase; and

Whereas, in connection with the foregoing, the Banks which are a party hereto have agreed to such request subject to the terms and conditions set forth herein;

Now Therefore, in consideration of the premises and the mutual covenants, representations and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows. Capitalized terms used but not otherwise defined herein shall have the meanings assigned such terms in the Credit Agreement.

Section 1. Amendments. The Credit Agreement is hereby amended as follows:

- (a) Section 10.3(d) is hereby amended by deleting the figure "\$56,500,000" and inserting in lieu thereof the figure "\$106,500,000".
- (b) Section 10.3(e) is hereby amended by deleting the figure "\$56,500,000" and inserting in lieu thereof the figure "\$106,500,000".

Section 2. Amendment and Ratification. Upon the effectiveness hereof as provided in Section 13.18 of the Credit Agreement, this Amendment shall be deemed to be an amendment to the Credit Agreement, and the Credit Agreement, as modified hereby, is hereby ratified, approved and confirmed to be in full force and effect in each and every respect. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Bank, any Agent, or Issuing Bank under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. All references to the Credit

Agreement in any other document, instrument, agreement or writing shall hereafter be deemed to refer to the Credit Agreement as modified hereby.

Section 3. Conditions to Effectiveness. This Amendment shall become effective as of the Amendment Effective Date when the Agent has confirmed (and has so notified the Borrower) that counterparts hereof have been duly executed by the Borrower and the Majority Banks and delivered to the Agent.

Section 4. Representation and Warranty. The Borrower hereby represents and warrants that, as of the Amendment Effective Date, after giving effect hereto:

(i) the representations and warranties of the Borrower and each Subsidiary contained in the Loan Documents are correct on and as of such date (other than those representations and warranties that expressly relate solely to a specific earlier date, which shall remain correct as of such earlier date), as though made on and as of such date;

(ii) no event has occurred and is continuing which constitutes a Default or an Event of Default; and

(iii) no change in the business, assets, management, operations, financial condition or prospects of the Borrower and its Subsidiaries, as a whole, has occurred since the date of the most recent financial statements delivered pursuant to Section 9.1(b) of the Credit Agreement, which change has or is reasonably likely to have a Material Adverse Effect.

Section 5. Governing Law. This Amendment shall be construed in accordance with and be governed by the laws of the State of New York.

Section 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

[Remainder Of Page Intentionally Left Blank]

In Witness Whereof, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as of the Amendment Effective Date.

THE MEN'S WEARHOUSE, INC.

By: /s/ CLAUDIA A. PRUITT
Name: Claudia A. Pruitt
Title: Vice President, Treasurer and Assistant Secretary

**JPMORGAN CHASE BANK, N.A.
individually and as Agent**

By: /s/ H. DAVID JONES
Name: H. David Jones
Title: Vice President

FLEET NATIONAL BANK

By: /s/ ROSS EVANS
Name: Ross Evans
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ SUSAN T. GALLAGHER
Name: Susan T. Gallagher
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/ HENRY G. MONTGOMERY

Name: Henry G. Montgomery

Title: Vice President

U.S. BANK NATIONAL ASSOCIATION

By: /s/ GREGORY L. DRYDEN

Name: Gregory L. Dryden

Title: Senior Vice President

NATIONAL CITY BANK

By: /s/ MICHAEL J. DURBIN

Name: Michael J. Durbin

Title: Senior Vice President

**AMEGY BANK NATIONAL ASSOCIATION (f/n/a/
Southwest Bank of Texas N.A.)**

By: /s/ LAIF AFSETH

Name: Laif Afseth

Title: Senior Vice President

Certifications

I, George Zimmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Men's Wearhouse, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 9, 2005

By /s/ GEORGE ZIMMER

George Zimmer
Chief Executive Officer

Certifications

I, Neill P. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Men's Wearhouse, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: June 9, 2005

By /s/ NEILL P. DAVIS
Neill P. Davis
Executive Vice President, Chief Financial Officer
and Principal Financial Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

Not Filed Pursuant to the Securities Exchange Act of 1934

In connection with the Quarterly Report of The Men's Wearhouse, Inc. (the "Company") on Form 10-Q for the period ending April 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George Zimmer, Chief Executive Officer of the Company, certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirement of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 9, 2005

By /s/ GEORGE ZIMMER
George Zimmer
Chief Executive Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002**

Not Filed Pursuant to the Securities Exchange Act of 1934

In connection with the Quarterly Report of The Men's Wearhouse, Inc. (the "Company") on Form 10-Q for the period ending April 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neill P. Davis, Chief Financial Officer of the Company, certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirement of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 9, 2005

By /s/ NEILL P. DAVIS
Neill P. Davis
Executive Vice President, Chief Financial Officer
and Principal Financial Officer