UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended February 3, 2007

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** *(IRS 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price of shares of common stock on the New York Stock Exchange on July 29, 2006, was approximately $1,422.9 million.

The number of shares of common stock of the registrant outstanding on March 30, 2007 was 54,103,789 excluding 15,177,760 shares classified as Treasury Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated as to
Notice and Proxy Statement for the Annual Meeting of Shareholders scheduled to be held June 13, 2007.	Part III: Items 10,11,12, 13 and 14

FORM 10-K REPORT INDEX

Forward-Looking and Cautionary Statements

Certain statements made in this Annual Report on Form 10-K and in other public filings and press 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, references to future capital expenditures, acquisitions, 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, Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Annual Report on Form 10-K 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.

Forward-looking statements are not guarantees of future performance and a variety of factors could cause actual results to differ materially from the anticipated or expected results expressed in or suggested by these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, actions by governmental entities, domestic and international economic activity and inflation, our successful execution of internal operating plans and new store and new market expansion plans, including successful integration of acquisitions, performance issues with key suppliers, disruption in buying trends due to homeland security concerns, severe weather, foreign currency fluctuations, government export and import policies, aggressive advertising or marketing activities of competitors 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. Refer to "Risk Factors" contained in Part 1 of this Annual Report on Form 10-K for a more complete discussion of these and other factors that might affect our performance and financial results. These forward-looking statements are intended to relay the Company's expectations about the future, and speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

PART I

Item 1. *Business*

General

The Men's Wearhouse began operations in 1973 as a partnership and was incorporated as The Men's Wearhouse, Inc. (the "Company") under the laws of Texas in May 1974. Our principal corporate and executive offices are located at 5803 Glenmont Drive, Houston, Texas 77081-1701 (telephone number 713/592-7200), and at 40650 Encyclopedia Circle, Fremont, California 94538-2453 (telephone number 510/657-9821), respectively. Unless the context otherwise requires, "Company", "we", "us" and "our" refer to The Men's Wearhouse, Inc. and its wholly owned subsidiaries.

Our website address is www.tmw.com. Through the investor relations section of our website, we provide free access to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). The SEC also maintains a website that contains the Company's filings at www.sec.gov.

On November 16, 2006, we entered into a definitive stock purchase agreement with Federated Department Stores, Inc. and David's Bridal, Inc. to acquire After Hours Formalwear, Inc. ("After Hours") for a cash consideration of $100.0 million, subject to certain adjustments. After Hours is the largest men's formalwear chain in the United States and operates 507 stores in 35 states under After Hours Formalwear and Mr. Tux store fronts. After Hours has an exclusive relationship with David's Bridal, Inc., the nation's largest bridal retailer with 269 stores and an online offering. That exclusivity will remain effective after the acquisition and will be extended to Men's Wearhouse and Moores store brands. The acquisition is conditioned upon, among other things, the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. On March 23, 2007, we announced that the Federal Trade Commision had terminated its review and that we expect to close the acquisition on or before April 9, 2007.

The Company

We are one of the largest specialty retailers of men's suits in the United States and Canada. At February 3, 2007, our U.S. operations included 636 retail apparel stores in 45 states and the District of Columbia, primarily operating under the brand names of Men's Wearhouse and K&G Fashion Superstores. At February 3, 2007, our Canadian operations included 116 retail apparel stores in 10 provinces operating under the brand name of Moores Clothing for Men. Below is a brief description of our brands:

Men's Wearhouse

Under the Men's Wearhouse brand, we target middle and upper-middle income men by offering quality merchandise at everyday low prices. In addition to value, we believe we provide a superior level of customer service. Men's Wearhouse stores offer a broad selection of designer, brand name and private label merchandise at prices we believe are typically 20% to 30% below the regular prices found at traditional department and specialty stores. Our merchandise includes suits, sport coats, slacks, formal wear, business casual, sportswear, outerwear, dress shirts, shoes and accessories. We concentrate on men's "wear-to-work" business attire that is characterized by infrequent and more predictable fashion changes. Therefore, we believe we are not as exposed to trends typical of more fashion-forward apparel retailers, where significant markdowns and promotional pricing are more common. At February 3, 2007, we operated 543 Men's Wearhouse stores in 45 states and the District of Columbia. These stores are referred to as "Men's Wearhouse stores" or "traditional stores".

We also began a tuxedo rental program in selected Men's Wearhouse stores during 1999 and now offer tuxedo rentals in substantially all of our Men's Wearhouse stores. We believe this program generates incremental business for us without significant incremental personnel or real estate costs and broadens our customer base by drawing first-time and younger customers into our stores.

K&G

Under the K&G brand, we target the more price sensitive customer. At February 3, 2007, we operated 93 K&G stores in 27 states. Seventy-three of the K&G stores offer ladies' career apparel that is also targeted to the more price sensitive customer.

We believe that K&G's more value-oriented superstore approach appeals to certain customers in the apparel market. K&G offers first-quality, current-season apparel and accessories comparable in quality to that of traditional department and specialty stores, at everyday low prices we believe are typically 30% to 50% below the regular prices charged by such stores. K&G's merchandising strategy emphasizes broad assortments across all major categories, including tailored clothing, casual sportswear, dress furnishings, footwear and accessories. This merchandise selection, which includes brand name as well as private label merchandise, positions K&G to attract a wide range of customers in each of its markets.

Moores

Under the Moores brand, we target middle and upper-middle income men in Canada by offering quality merchandise at everyday low prices. Moores is one of Canada's leading specialty retailers of men's suits, with 116 retail apparel stores in 10 Canadian provinces at February 3, 2007. Similar to the Men's Wearhouse stores, Moores stores offer a broad selection of quality merchandise at prices we believe are typically 20% to 30% below the regular prices charged by traditional Canadian department and specialty stores. Moores focuses on conservative, basic tailored apparel that we believe limits exposure to changes in fashion trends and the need for significant markdowns. Moores' merchandise consists of suits, sport coats, slacks, business casual, dress shirts, sportswear, outerwear, shoes and accessories.

In October 2003, we extended our tuxedo rental program to our Canada stores and now offer tuxedo rentals at all of our Moores stores.

Moores manufactures a portion of the tailored clothing for sale in its stores. Moores conducts its manufacturing operations through its wholly owned subsidiary, Golden Brand Clothing (Canada) Ltd. ("Golden Brand"). Golden Brand's manufacturing facility in Montreal, Quebec, includes a cutting room, fusing department, pant shop and coat shop. At full capacity, the coat shop can produce 10,000 units per week and the pant shop can produce 18,000 units per week. Golden Brand also manufactures product for Men's Wearhouse stores.

Expansion Strategy

Our expansion strategy includes:

- opening additional Men's Wearhouse, K&G and Moores stores in new and existing markets,
- expanding our retail dry cleaning operations and our corporate apparel and uniform program,
- closing our pending acquisition of After Hours Formalwear, Inc. and integrating its operations, and
- identifying strategic acquisition opportunities, including but not limited to international operations.

In general terms, we consider a geographic area served by a common group of television stations as a single market.

At present, in 2007 we plan to open approximately 21 new Men's Wearhouse stores and 15 new K&G stores, to close two Men's Wearhouse stores, to expand and/or relocate approximately 26 existing Men's Wearhouse stores and four existing K&G stores and to continue expansion in subsequent years. We believe that our ability to increase the number of traditional stores in the United States above 600 will be limited. However, we believe that additional growth opportunities exist through improving and diversifying the merchandise mix, relocating existing stores, expanding our K&G brand and adding complementary products and services.

In 2007 we also plan to open five retail dry cleaning and laundry facilities in the Houston, Texas area. We may open or acquire additional facilities on a limited basis in 2007 as we continue to test market and evaluate the feasibility of developing a national retail dry cleaning and laundry line of business. As of February 3, 2007, we are operating 30 retail dry cleaning and laundry facilities in the Houston, Texas area. In addition, we continue to pursue our corporate apparel and uniform program by entering into contracts to provide corporate uniforms to our customers' workforces. As of February 3, 2007, we are servicing approximately nine contract customers.

On November 16, 2006, we entered into a definitive stock purchase agreement with Federated Department Stores, Inc. and David's Bridal, Inc. to acquire After Hours Formalwear, Inc. ("After Hours") for a cash consideration of $100.0 million, subject to certain adjustments. After Hours is the largest men's formalwear chain in the United States and operates 507 stores in 35 states under After Hours Formalwear and Mr. Tux store fronts. After Hours has an exclusive relationship with David's Bridal, Inc., the nation's largest bridal retailer with 269 stores and an online offering. That exclusivity will remain effective after the acquisition and will be extended to Men's Wearhouse and Moores store brands. The acquisition is conditioned upon, among other things, the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. On March 23, 2007, we announced that the Federal Trade Commission had terminated its review and that we expect to close the acquisition on or before April 9, 2007.

Merchandising

Our stores offer a broad selection of designer, brand name and private label men's business attire, including a consistent stock of core items (such as basic suits, navy blazers and tuxedos). Although basic styles are emphasized, each season's merchandise reflects current fabric and color trends, and a small percentage of inventory, accessories in particular, are usually more fashion oriented. The broad merchandise selection creates increased sales opportunities by permitting a customer to purchase substantially all of his tailored wardrobe and accessory requirements, including shoes, at our stores. Within our tailored clothing, we offer an assortment of styles from a variety of manufacturers and maintain a broad selection of fabrics, colors and sizes. Based on the experience and expertise of our management, we believe that the depth of selection offered provides us with an advantage over most of our competitors.

The Company's inventory mix includes "business casual" merchandise designed to meet demand for such products resulting from more relaxed dress codes in the workplace. This merchandise consists of tailored and non-tailored clothing (sport coats, casual slacks, knits and woven sports shirts, sweaters and casual shoes) that complements the existing product mix and provides opportunity for enhanced sales without significant inventory risk.

We do not purchase significant quantities of merchandise overruns or close-outs. We provide recognizable quality merchandise at consistent prices that assist the customer in identifying the value available at our stores. We believe that the merchandise at Men's Wearhouse and Moores stores is generally offered 20% to 30% below traditional department and specialty store regular prices and that merchandise at K&G stores is generally 30% to 50% below regular retail prices charged by such stores. A ticket is generally affixed to items, which displays our selling price alongside a price we believe reflects the regular, non-promotional price of the item at traditional department and specialty stores.

By targeting men's business attire, a category of men's clothing characterized by infrequent and more predictable fashion changes, we believe we are not as exposed to trends typical of more fashion-forward apparel retailers. This allows us to carry basic merchandise over to the following season and reduces the need for markdowns; for example, a navy blazer or gray business suit may be carried over to the next season. Our Men's Wearhouse and Moores stores have an annual sale that starts around Christmas and runs through the month of January, during which prices on many items are reduced 20% to 50% off the everyday low prices. This sale reduces stock at year-end and prepares for the arrival of the new season's merchandise. We also have a similar event in mid-summer; however, the level of advertising for promotion of the summer event is lower than that for the year-end event.

During 2004, 2005 and 2006, 54.1%, 53.0% and 52.4%, respectively, of our total net clothing product sales were attributable to tailored clothing (suits, sport coats and slacks) and 45.9%, 47.0% and 47.6%, respectively, were attributable to casual attire, sportswear, shoes, shirts, ties, outerwear and other clothing product revenues.

In addition to accepting cash, checks or nationally recognized credit cards, we offer our own private label credit card to Men's Wearhouse and, prior to August 2006, to Moores customers. A third-party vendor provides all necessary servicing and processing and assumes all credit risks associated with the private label credit card program. Since September 2004, all purchases made with the private label credit card at Men's Wearhouse stores receive a 5% discount at the time of purchase. During 2006, our customers used the private label credit card for approximately 9% of our sales at Men's Wearhouse stores and approximately 5% of our sales at Moores stores.

We also offer our "Perfect Fit" loyalty program to our Men's Wearhouse and Moores customers. Under the loyalty program, customers receive points for purchases. Points are equivalent to dollars spent on a one-for-one basis, excluding any sales tax dollars. Upon reaching 500 points, customers are issued a $50 rewards certificate which they may use to make purchases at Men's Wearhouse or Moores stores. We believe that the loyalty program facilitates our ability to cultivate long-term relationships with our customers. All customers who register for our "Perfect Fit" loyalty program are eligible to participate and earn points for purchases. Prior to September 2004 at Men's Wearhouse and August 2006 at Moores, loyalty program points were earned only on purchases made with our private label credit card.

Customer Service and Marketing

The Men's Wearhouse and Moores sales personnel are trained as clothing consultants to provide customers with assistance and advice on their apparel needs, including product style, color coordination, fabric choice and garment fit. For example, many clothing consultants at Men's Wearhouse stores attend an intensive training program at our training facility in Fremont, California, which is further supplemented with store meetings, in-market training programs and frequent interaction with all levels of store management.

We encourage our clothing consultants to be friendly and knowledgeable and to promptly greet each customer entering the store. Consultants are encouraged to offer guidance to the customer at each stage of the decision-making process, making every effort to earn the customer's confidence and to create a professional relationship that will continue beyond the initial visit. Clothing consultants are also encouraged to contact customers after the purchase or pick-up of tailored clothing to determine whether customers are satisfied with their purchases and, if necessary, to take corrective action. Store personnel as well as Men's Wearhouse customer services representatives operating from our corporate offices have full authority to respond to customer complaints and reasonable requests, including the approval of returns, exchanges, refunds, re-alterations and other special requests, all of which we believe helps promote customer satisfaction and loyalty.

K&G stores are designed to allow customers to select and purchase apparel by themselves. For example, each merchandise category is clearly marked and organized by size, and suits are specifically tagged "Athletic Fit," "Double-Breasted," "Three Button," etc., as a means of further assisting customers to easily select their styles and sizes. K&G employees are also available to assist customers with merchandise selection, including correct sizing.

Each of our stores provides on-site tailoring services to facilitate timely alterations at a reasonable cost to customers. Tailored clothing purchased at a Men's Wearhouse store will be pressed and re-altered (if the alterations were performed at a Men's Wearhouse store) free of charge for the life of the garment.

Because management believes that men prefer direct and easy store access, we attempt to locate our stores in regional strip and specialty retail centers or in freestanding buildings to enable customers to park near the entrance of the store.

Our total annual advertising expenditures, which were $60.5 million, $61.5 million and $67.3 million in 2004, 2005 and 2006, respectively, are significant. The Company advertises principally on television and radio, which we consider the most effective means of attracting and reaching potential customers, and our advertising campaign is designed to reinforce our various brands.

Purchasing and Distribution

We purchase merchandise from approximately 800 vendors. In 2006, no vendor accounted for 10% or more of purchases. Management does not believe that the loss of any vendor would significantly impact us. While we have no material long-term contracts with our vendors, we believe that we have developed an excellent relationship with our vendors, which is supported by consistent purchasing practices.

We believe we obtain favorable buying opportunities relative to many of our competitors. We do not request cooperative advertising support from manufacturers, which reduces the manufacturers' costs of doing business with us and enables them to offer us lower prices. Further, we believe we obtain better discounts by entering into purchase arrangements that provide for limited return policies, although we always retain the right to return goods that are damaged upon receipt or determined to be improperly manufactured. Finally, volume purchasing of specifically planned quantities well in advance of the season enables more efficient production runs by manufacturers who, in turn, generally pass some of the cost savings back to us.

We purchase a significant portion of our inventory through a direct sourcing program. In addition to finished product, we purchase fabric from mills and contract with certain factories for the assembly of the finished product to be sold in our U.S. and Canadian stores. Our direct sourcing arrangements for fabric and assembly have been with foreign mills and factories. During 2004, 2005 and 2006, product procured through the direct sourcing program represented approximately 30%, 32% and 37%, respectively, of total inventory purchases for stores operating in the U.S. During 2004, 2005, and 2006, product procured through the direct sourcing program represented approximately 63%, 64% and 66%, respectively, of total inventory purchases for stores operating in Canada. We expect that purchases through the direct sourcing program will represent approximately 40% and 75% of total U.S. and Canada purchases, respectively in 2007. During 2004, 2005 and 2006, our manufacturing operations at Golden Brand provided 32%, 23% and 14%, respectively, of inventory purchases for Moores stores and 10%, 8% and 8%, respectively, of inventory purchases for Men's Wearhouse stores. We believe that our direct sourcing of product, with both owned and third party labels, has been and will continue to be a significant factor in our ability to improve our gross product margins.

To protect against currency exchange risks associated with certain firmly committed and certain other probable, but not firmly committed, inventory transactions denominated in a foreign currency (primarily the Euro), we enter into forward exchange contracts. In addition, many of the purchases from foreign vendors are secured by letters of credit.

We have entered into license agreements with a limited number of parties under which we are entitled to use designer labels such as "Gary Player®" and nationally recognized brand labels such as "Botany®" and "Botany 500®" in return for royalties paid to the licensor based on the costs of the relevant product. These license agreements generally limit the use of the individual label to products of a specific nature (such as men's suits, men's formal wear or men's shirts). The labels licensed under these agreements will continue to be used in connection with a portion of the purchases under the direct sourcing program described above, as well as purchases from other vendors. We monitor the performance of these licensed labels compared to their cost and may elect to selectively terminate any license, as provided in the respective agreement. We have also purchased several trademarks, including "Cricketeer®," "Joseph & Feiss®," "Pronto Uomo®," "Linea Uomo®," and "Twinhill®," which are used similarly to our licensed labels. Because of the continued consolidation in the men's tailored clothing industry, we may be presented with opportunities to acquire or license other designer or nationally recognized brand labels.

All merchandise for Men's Wearhouse stores is received into our central warehouse located in Houston, Texas. Merchandise for a store is picked and then moved to the appropriate staging area for shipping. In addition to the central distribution center in Houston, we have separate hub warehouse facilities or space within certain Men's Wearhouse stores in the majority of our markets, which function as redistribution facilities for their respective areas. In 2005, our K&G stores began to receive merchandise consistent with our Men's Wearhouse stores from our central warehouse located in Houston, Texas. Currently, approximately 80% of purchased merchandise is transported to our K&G stores from our central distribution center in Houston. All other merchandise is direct shipped by vendors to the stores. We anticipate that we will continue to transport merchandise to our K&G stores using a combination of our central distribution center and direct shipment from vendors. Most purchased merchandise for our Moores stores is distributed to the stores from our warehouse in Montreal.

As of the end of fiscal 2006, we leased and operated 24 long-haul tractors and 67 trailers, which, together with common carriers, were used to transport merchandise from the vendors to our distribution facilities and from the distribution facilities to Men's Wearhouse stores within each market. A majority of all merchandise transported from the vendors to our distribution facilities and from the distribution facilities to our K&G stores is transported by common carriers. We also lease or own 123 smaller van-like trucks, which are used to deliver merchandise locally or within a given geographic region. In March 2007, we entered into a three year transportation agreement, commencing April 2, 2007, with Ryder Integrated Logistics, Inc., to execute shipments from vendors to our distribution facilities in Houston, Texas, and from the distribution facilities to regional transportation hubs or stores within a regional service area. The transportation agreement terminated our leasing agreements for the 24 long-haul tractors and 67 trailers.

Competition

Our primary competitors include specialty men's clothing stores, traditional department stores, off-price retailers, manufacturer-owned and independently owned outlet stores and their E-commerce channels. Over the past several years market conditions have resulted in consolidation of the industry. We believe that the principal competitive factors in the menswear market are merchandise assortment, quality, price, garment fit, merchandise presentation, store location and customer service.

We believe that strong vendor relationships, our direct sourcing program and our buying volumes and patterns are the principal factors enabling us to obtain quality merchandise at attractive prices. We believe that our vendors rely on our predictable payment record and history of honoring promises, including our promise not to advertise names of labeled and unlabeled designer merchandise when requested. Certain of our competitors (principally department stores) may be larger and may have substantially greater financial, marketing and other resources than we have and therefore may have certain competitive advantages.

Seasonality

Our business is subject to seasonal fluctuations. In most years, a significant portion of our net sales and our net earnings have been generated during the fourth quarter of each year when holiday season shopping peaks. In addition, our increased tuxedo rental business during the prom and wedding seasons has increased the significance of our second quarter net sales and net earnings. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full year (see Note 13 of Notes to Consolidated Financial Statements).

Trademarks and Servicemarks

We are the owner in the United States of the trademark and servicemark "The Men's Wearhouse®" and "Men's Wearhouse" and of federal registrations therefor expiring in 2009, 2010, 2012 and 2017, respectively, subject to renewal. We have also been granted registrations for that trademark and servicemark in 43 of the 45 states (including Texas and California) in which we currently do business (as well as the District of Columbia and Puerto Rico) and have used those marks. We are also the owner of "MW Men's Wearhouse (and design)®" and federal registrations therefor expiring in 2010 and 2011, respectively, subject to renewal. Our rights in the "The Men's Wearhouse®" and "MW Men's Wearhouse (and design) ®" marks are a significant part of our business, as the marks have become well known through our television and radio advertising campaigns. Accordingly, we intend to maintain our marks and the related registrations.

We are also the owner in the United States of the servicemarks "K&G®", which is a tradename used by K&G stores, and "The Suit Warehouse®" and "The Suit Warehouse (and logo)," which are tradenames used previously by certain of the stores in Michigan operated by K&G. K&G stores also operate under the tradenames "K&G Men's Superstore®," "K&G Men's Center," "K&G MenSmart," "K&G Suit Warehouse" and "K&G Ladies®." We own the registrations for "K&G®," "K&G (stylized)®," "K&G For Men. For Women. For Less®," "K&G For Men. For Less®," "K&G Men's Superstore®," "K&G Men's Superstore (and design)®," "K&G Ladies®," "K&G Fashion Superstore" and "K&G Superstore®." In addition, we own or license other trademarks/servicemarks used in the business, principally in connection with the labeling of products purchased through the direct sourcing program.

We are also the owner in the United States of the service mark "MWCLEANERS®" as well as certain logos incorporating "MWCLEANERS" or the letters "MW" to identify dry cleaning services. We are also the owner of "MW & Design (bow tie)®" and federal registration therefor expiring in 2016, subject to renewal.

The application for the service mark “Women’s Wearhouse” is pending.

We own Canadian trademark registrations for the marks “Moores The Suit People®,” “Moores Vetements Pour Hommes®,” “Moores Vetements Pour Hommes (and design)®,” “Moores Clothing For Men®” and “Moores Clothing For Men (and design)®.” Moores stores operate under the tradenames “Moores Clothing For Men” and “Moores Vetements Pour Hommes.”

We are also the owner in Canada of the service mark “MWCLEANERS” as well as certain logos incorporating “MWCLEANERS” or the letters “MW” to identify dry cleaning services. The applications are currently pending with the Canadian Trademarks Office.

Employees

At February 3, 2007, we had approximately 14,900 employees, of whom approximately 10,700 were full-time and approximately 4,200 were part-time employees. Seasonality affects the number of part-time employees as well as the number of hours worked by full-time and part-time personnel. Approximately 600 of our employees at Golden Brand belong to the Union of Needletrades, Industrial and Textile Employees. Golden Brand is part of a collective bargaining unit. The current union contract expires in November 2009.

Item 1A. ***Risk Factors***

We wish to caution you that there are risks and uncertainties that could affect our business. These risks and uncertainties include, but are not limited to, the risks described below and elsewhere in this report, particularly found in “Forward-Looking and Cautionary Statements.” The following is not intended to be a complete discussion of all potential risks or uncertainties, as it is not possible to predict or identify all risk factors.

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 in response to a decline in consumer confidence will affect us more than other retailers because a slowing of men’s discretionary spending for items like tailored apparel tends to occur faster than that for other retail purchases.

Our ability to continue to expand our Men’s Wearhouse stores may be limited.

A large part of our growth has resulted from the addition of new Men’s Wearhouse stores and the increased sales volume and profitability provided by these stores. We will continue to depend on adding new stores to increase our sales volume and profitability. As of February 3, 2007, we operate 543 Men’s Wearhouse stores. However, we believe that our ability to increase the number of Men’s Wearhouse stores in the United States above 600 will be limited. Therefore, we cannot assure you that we will continue to experience the same rate of growth as we have historically.

Certain of our expansion strategies may present greater risks.

We are continuously assessing opportunities to expand complementary products and services related to our 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.

Any acquisitions that we undertake could be difficult to integrate, disrupt our business, dilute stockholder value and harm our operating results.

In the event we complete one or more acquisitions, we may be subject to a variety of risks, including risks associated with an ability to integrate acquired assets or operations into our existing operations, higher costs or unexpected difficulties or problems with acquired assets or entities, outdated or incompatible technologies, labor difficulties or an inability to realize anticipated synergies and efficiencies, whether within anticipated timeframes or at all. If one or more of these risks are realized, it could have an adverse impact on our operations.

Our business is seasonal.

In most years, a significant portion of our net sales and our net earnings have been generated during November, December and January. In addition, our increased tuxedo rental business during the prom and wedding seasons has increased the significance of our second quarter net sales and net earnings. Accordingly, our results for any quarter are not necessarily indicative of our annual profitability and any decrease in sales during these peak quarters could have a significant adverse effect on our net earnings.

Sales in the men's tailored clothing market have changed modestly over recent years.

According to industry sources, sales in the men's tailored clothing market increased modestly in 2004 and in 2005 and declined slightly in 2006. We believe that these modest changes are representative of weakening demand for men's tailored clothing. As a result we may not be able to continue to expand our sales volume within our segment of the retailing industry.

The loss of, or disruption in, our centralized distribution center could result in delays in the delivery of merchandise to our stores.

All merchandise for Men's Wearhouse stores and a majority of the merchandise for K&G stores is received into our centralized distribution center in Houston, Texas, where the inventory is then processed, sorted and shipped to our stores. In addition, over 70% of our U.S. tuxedo rental product and our unit rentals are maintained and processed through this facility. We depend in large part on the orderly operation of this receiving and distribution process, which depends, in turn, on adherence to shipping schedules and effective management of the distribution center. Events, such as disruptions in operations due to fire or other catastrophic events, employee matters or shipping problems, may result in delays in the delivery of merchandise and/or tuxedo rentals to our stores. For example, given our proximity to the Texas Gulf Coast, it is possible that a hurricane or tropical storm could cause damage to the distribution center, result in extended power outages, or flood roadways into and around the distribution center, any of which would disrupt or delay deliveries to the distribution center and to our stores.

Although we maintain business interruption and property insurance, we cannot assure you that our insurance will be sufficient, or that insurance proceeds will be timely paid to us, in the event our distribution center is shut down for any reason or if we incur higher costs and longer lead times in connection with a disruption at our distribution center.

Our stock price has been and may continue to be volatile due to many factors.

The market price of our common stock has fluctuated in the past and may change rapidly in the future depending on news announcements and changes in general market conditions. The following factors, among others, may cause significant fluctuations in our stock price:

- news announcements regarding quarterly or annual results of operations,
- comparable store sales announcements,
- acquisitions,
- competitive developments,
- litigation affecting the Company, or
- market views as to the prospects of the retail industry generally.

Rights of our shareholders may be negatively affected if we issue any of the shares of preferred stock which our Board of Directors has authorized for issuance.

We have available for issuance 2,000,000 shares of preferred stock, par value $.01 per share. Our Board of Directors is authorized to issue any or all of this preferred stock, in one or more series, without any further action on the part of shareholders. The rights of our shareholders may be negatively affected if we issue a series of preferred stock in the future that has preference over our common stock with respect to the payment of dividends or distribution upon our liquidation, dissolution or winding up. See Note 6 of Notes to Consolidated Financial Statements for more information.

Our success significantly depends on our key personnel and our ability to attract and retain additional personnel.

Mr. George Zimmer has been very important to our success. Mr. Zimmer is the Company's Chairman of the Board, Chief Executive Officer and primary advertising spokesman. The loss of Mr. Zimmer's services could have a material adverse effect on the securities markets' view of our prospects.

Also, our continued success and the achievement of our expansion goals are dependent upon our ability to attract and retain additional qualified employees as we expand.

Fluctuations in exchange rates may cause us to experience currency exchange losses.

Moores conducts most of its business in Canadian dollars. The exchange rate between Canadian dollars and U.S. dollars has fluctuated historically. 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.

In connection with our direct sourcing program, we may enter into purchase commitments that are denominated in a foreign currency (primarily the Euro), which create currency exchange risks. If the value of foreign currency strengthens, then the cost in U.S. dollars to purchase such goods would increase.

We are subject to import risks, including potential disruptions in supply, changes in duties, tariffs, quotas and voluntary export restrictions on imported merchandise, strikes and other events affecting delivery; and economic, political or other problems in countries from or through which merchandise is imported.

Many of the products sold in our stores are sourced from many foreign countries. Political or financial instability, terrorism, trade restrictions, tariffs, currency exchange rates, transport capacity limitations, disruptions and costs, strikes and other work stoppages and other factors relating to international trade are beyond our control and could affect the availability and the price of our inventory.

If we are unable to operate information systems and implement new technologies effectively, our business could be disrupted or our sales or profitability could be reduced.

The efficient operation of our business is dependent on our information systems, including our ability to operate them effectively and successfully to implement new technologies, systems, controls and adequate disaster recovery systems. In addition, we must protect the confidentiality of our and our customers' data. The failure of our information systems to perform as designed or our failure to implement and operate them effectively could disrupt our business or subject us to liability and thereby harm our profitability.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

As of February 3, 2007, we operated 636 retail apparel stores in 45 states and the District of Columbia and 116 retail apparel stores in the 10 Canadian provinces. The following table sets forth the location, by state or province, of these stores:

	Men's Wearhouse	K&G	Moores
United States			
California	85		
Texas	47	11	
Florida	39	3	
New York	28	4	
Illinois	22	7	
Pennsylvania	22	4	
Michigan	22	7	
Ohio	19	4	
Georgia	17	6	
Virginia	17	2	
Massachusetts	15	5	
Washington	14	2	
Maryland	14	7	
Colorado	14	2	
New Jersey	13	8	
North Carolina	13	3	
Arizona	12		
Missouri	11	1	
Tennessee	10	2	
Minnesota	9	2	
Wisconsin	9	1	
Oregon	9		
Connecticut	8	2	
Indiana	8	1	
Louisiana	7	3	
Utah	7		
Alabama	5	1	
Nevada	5		
Oklahoma	5	2	
New Mexico	4		
Kentucky	4	1	
Kansas	4	1	
South Carolina	4	1	
Nebraska	3		
New Hampshire	3		
Arkansas	3		
Delaware	2		
Iowa	2		
Idaho	1		
Maine	1		
Mississippi	1		
Rhode Island	1		
South Dakota	1		
West Virginia	1		
Vermont	1		
District of Columbia	1		
Canada			
Ontario			50
Quebec			24
British Columbia			15
Alberta			12
Manitoba			5
New Brunswick			3
Nova Scotia			3
Saskatchewan			2
Newfoundland			1
Prince Edward Island			1
Total	543	93	116

Men's Wearhouse and Moores stores vary in size from approximately 3,100 to 15,100 total square feet (average square footage at February 3, 2007 was 5,669 square feet with 65% of stores having between 4,500 and 6,500 square feet). Men's Wearhouse and Moores stores are primarily located in middle and upper-middle income regional strip and specialty retail shopping centers. We believe our customers generally prefer to limit the amount of time they spend shopping for menswear and seek easily accessible store sites.

Men's Wearhouse and Moores stores are designed to further our strategy of facilitating sales while making the shopping experience pleasurable. We attempt to create a specialty store atmosphere through effective merchandise presentation and sizing, attractive in-store signs and efficient checkout procedures. Most of these stores have similar floor plans and merchandise presentation to facilitate the shopping experience and sales process. Designer, brand name and private label garments are intermixed, and emphasis is placed on the fit of the garment rather than on a particular label or manufacturer. Each store is staffed with clothing consultants and sales associates and has a tailoring facility with at least one tailor. Each store is also staffed with an operations manager or other tuxedo rental specialist to facilitate the tuxedo rental process and enhance the customer's experience in our store.

K&G stores vary in size from approximately 5,400 to 42,000 total square feet (average square footage at February 3, 2007 was 23,204 square feet with 52% of stores having between 15,000 and 25,000 square feet). K&G stores are "destination" stores located primarily in second generation strip shopping centers that are easily accessible from major highways and thoroughfares. K&G has created a 20,000 to 25,000 square foot prototype men's and ladies' superstore with fitting rooms and convenient check-out, customer service and tailoring areas. K&G stores are organized to convey the impression of a dominant assortment of first-quality merchandise and to project a no-frills, value-oriented warehouse atmosphere. Each element of store layout and merchandise presentation is designed to reinforce K&G's strategy of providing a large selection and assortment in each category. We seek to make K&G stores "customer friendly" by utilizing store signage and grouping merchandise by categories and sizes, with brand name and private label merchandise intermixed. To provide our customers with a greater sense of consistency and purchase opportunities, in September 2004 we extended our hours of operation at our K&G stores from four to seven days a week. Prior to September 1, 2004, our K&G stores were open for business on Thursdays, Fridays, Saturdays and Sundays only, except for a limited number of Monday holidays and an expanded schedule for certain holiday periods when the stores were open every day. Each store is typically staffed with a manager, assistant manager and other employees who serve as customer service and sales personnel and cashiers. Each store also has a tailoring facility with at least one tailor.

We lease our stores on terms generally from five to ten years with renewal options at higher fixed rates in most cases. Leases typically provide for percentage rent over sales break points. Additionally, most leases provide for a base rent as well as "triple net charges", including but not limited to common area maintenance expenses, property taxes, utilities, center promotions and insurance. In certain markets, we lease between 1,000 and 30,300 additional square feet as a part of a Men's Wearhouse store or in a separate hub warehouse unit to be utilized as a redistribution facility in that geographic area. We also lease a 51,600 square foot facility near Seattle, Washington that functions primarily as a warehouse and distribution facility for our tuxedo rental business in the northwestern U.S.

In 2006, we entered into a ten year lease for an approximately 297,600 square foot building in Pittston, Pennsylvania. This building, which will function as a warehouse and distribution facility primarily for our tuxedo rental business in the northeastern U.S., began operations in March 2007.

We own a 46-acre site in Houston, Texas on which we have developed our principal U.S. warehouse and distribution facilities. This site is the location of an approximately 1,080,000 square foot facility that supports our retail merchandise program, our tuxedo rental program and our in-house tuxedo dry cleaning operations. We also plan to construct a new 25,000 square foot building on this site in 2007 to serve as our computer data center.

We also own a 240,000 square foot facility situated on approximately seven acres of land in Houston, Texas which serves as an office, warehouse and distribution facility. Approximately 65,000 square feet of this facility is currently used as office space for our financial, information technology and other departments with the remaining 175,000 square feet serving as a warehouse and distribution center.

In 2006, we entered into a ten year building lease agreement for approximately 206,000 rentable square feet. This new building is located in Houston, Texas and will serve as office space for our financial, information technology and other departments allowing us to support future growth. Our existing office space will be converted to warehouse and storage space, where appropriate. Our move to the new office building is expected to occur during the third quarter of 2007.

We also own a 150,000 square foot facility, situated on an adjacent six acres to the 240,000 square foot facility, comprised of approximately 9,000 square feet of office space and 141,000 square feet serving as a warehouse and distribution center.

Our executive offices in Fremont, California are housed in a 35,500 square foot facility that we own. This facility serves as an office and training facility. We also lease approximately 25,000 square feet of additional office space in four other locations.

K&G leases a 100,000 square foot facility in Atlanta, Georgia which serves as an office, distribution and store facility. Approximately 35,000 square feet of this facility is used as office space for financial, information technology and merchandising personnel, 23,000 square feet is used as a distribution center for store fixtures and supplies and the remaining 42,000 square feet is used as a store.

Moores leases a 36,700 square foot facility in Toronto, Ontario, comprised of approximately 16,900 square feet of office space and 19,800 square feet utilized for warehousing and distribution. In addition, Moores owns a building near Toronto of approximately 131,000 square feet that is utilized as its tuxedo distribution center and a 79,000 square foot facility in Montreal, Quebec. The Montreal facility is comprised of 75,400 square feet of warehouse and distribution center operations and 3,600 square feet of office space. In addition, Moores leases a 230,000 square foot facility in Montreal, Quebec, comprised of approximately 13,000 square feet of office space, 37,600 square feet of warehouse space and 179,400 square feet of manufacturing space. Moores also leases 2,000 square feet of additional office space in Vancouver, British Columbia.

Item 3. ***Legal Proceedings***

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.

Item 4. ***Submission of Matters to a Vote of Security Holders***

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended February 3, 2007.

PART II

Item 5. *Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is traded on the New York Stock Exchange under the symbol "MW." The following table sets forth, on a per share basis for the periods indicated, the high and low sale prices per share for our common stock as reported by the New York Stock Exchange and the quarterly dividends declared on each share of common stock:

	High	Low	Dividend
Fiscal Year 2005			
First quarter ended April 30, 2005	$29.37	$21.67	$ —
Second quarter ended July 30, 2005	37.44	27.33	—
Third quarter ended October 29, 2005	36.91	22.75	—
Fourth quarter ended January 28, 2006	34.85	23.67	0.05
Fiscal Year 2006			
First quarter ended April 29, 2006	$37.30	$30.20	$ 0.05
Second quarter ended July 29, 2006	36.45	29.81	0.05
Third quarter ended October 28, 2006	41.75	30.03	0.05
Fourth quarter ended February 3, 2007	44.56	36.89	0.05

On March 30, 2007, there were approximately 1,500 holders of record and approximately 7,400 beneficial holders of our common stock.

In January 2007, our Board of Directors declared a quarterly cash dividend of $0.05 per share of our common stock payable on March 30, 2007 to shareholders of record on March 20, 2007. The dividend payout is approximately $2.7 million.

In March 2007, our Board of Directors declared a quarterly cash dividend of $0.06 per share payable on July 6, 2007 to shareholders of record at the close of business on June 27, 2007.

Issuer Purchases of Equity Securities

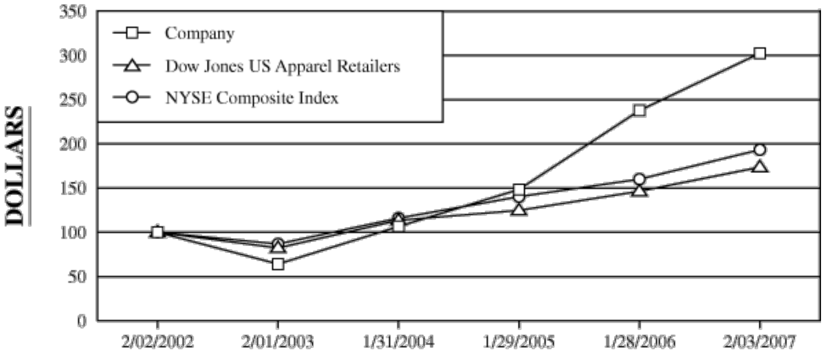
During fiscal year 2006, we repurchased 1,134,000 shares of our common stock at an average price of $35.53 for an aggregate cost of approximately $40.3 million. The following table presents information with respect to purchases of common stock of the Company made during the quarter ended February 3, 2007 as defined by Rule 10b-18(a)(3) under the Exchange Act:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (In thousands)
October 29, 2006 through November 25, 2006	231,800	$ 37.89	231,800	$ 79,706
November 26, 2006 through December 30, 2006	532,800	$ 37.53	532,800	$ 59,711
December 31, 2006 through February 3, 2007	—	—	—	$ 59,711
Total	764,600	$ 37.64	764,600	$ 59,711

Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The following graph compares, as of each of the dates indicated, the percentage change in the Company's cumulative total shareholder return on the Common Stock with the cumulative total return of the NYSE Composite Index and the Retail Specialty Apparel Index. The graph assumes that the value of the investment in the Common Stock and each index was $100 at February 2, 2002 and that all dividends paid by those companies included in the indices were reinvested.



	February 2, 2002	February 1, 2003	January 31, 2004	January 29, 2005	January 28, 2006	February 3, 2007
Measurement Period (Fiscal Year Covered)						
Company	$ 100.00	$ 64.09	$ 106.54	$ 148.44	$ 237.69	$ 302.38
Dow Jones US Apparel Retailers	100.00	82.32	113.54	124.77	146.39	173.67
NYSE Composite Index	100.00	86.76	115.94	140.29	160.04	193.37

The foregoing graph is based on historical data and is not necessarily indicative of future performance.

Item 6. ***Selected Financial Data***

The following selected statement of earnings, balance sheet and cash flow information for the fiscal years indicated has been derived from our audited consolidated financial statements. The Selected Financial Data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements and notes thereto. References herein to years are to the Company’s 52-week or 53-week fiscal year, which ends on the Saturday nearest January 31 in the following calendar year. For example, references to “2006” mean the fiscal year ended February 3, 2007. All fiscal years for which financial information is included herein had 52 weeks, except 2006 which had 53 weeks.

	2002	2003	2004	2005	2006
		(Dollars and shares in thousands, except per share and per square foot data)			
Statement of Earnings Data:					
Net sales	$1,295,049	$1,392,680	$1,546,679	$1,724,898	$1,882,064
Gross margin	454,239	513,446	603,004	697,135	815,705
Operating income	69,300	81,783	118,088	165,296	223,938
Net earnings	42,355	49,734	71,356	103,903	148,575
Per Common Share Data:					
Basic net earnings per share	$ 0.70	$ 0.85	$ 1.32	$ 1.93	$ 2.80
Diluted net earnings per share	$ 0.69	$ 0.84	$ 1.29	$ 1.88	$ 2.71
Weighted average common shares outstanding	60,885	58,184	54,044	53,753	53,111
Weighted average shares outstanding plus dilutive potential common shares	61,316	58,943	55,220	55,365	54,749
Operating Information:					
Percentage increase/(decrease) in comparable store sales(1):					
Men’s Wearhouse	(3.3)%	7.9%	8.2%	6.2%	3.1%
K&G	(2.3)%	(0.3)%	3.9%	16.4%	(1.8)%
Moores	(2.1)%	(5.1)%	7.1%	2.7%	8.7%
Average square footage — all stores(2)	7,174	7,411	7,497	7,593	7,838
Average sales per square foot of selling space(3)	$ 319	$ 338	$ 368	$ 391	$ 397
Number of retail apparel stores(4):					
Open at beginning of the period	680	689	693	707	719
Opened	16	13	20	18	35
Closed	(7)	(9)	(6)	(6)	(2)
Open at end of the period	689	693	707	719	752
Cash Flow Information:					
Capital expenditures	$ 47,380	$ 49,663	$ 85,392	$ 66,499	$ 72,904
Depreciation and amortization	46,885	50,993	53,319	61,874	61,387
Purchase of treasury stock	28,058	109,186	11,186	90,280	40,289

	February 1, 2003	January 31, 2004	January 29, 2005	January 28, 2006	February 3, 2007
Balance Sheet Information:					
Cash and cash equivalents	$ 84,924	$ 132,146	$ 165,008	$ 200,226	$ 179,694
Working capital	326,060	357,045	388,229	491,527	454,691
Total assets	780,104	878,127	993,322	1,123,274	1,096,952
Long-term debt	38,709	131,000	130,000	205,251	72,967
Shareholders' equity	526,585	487,792	568,848	627,533	753,772
Cash dividends declared per share	—	—	—	0.05	0.20

(1) Comparable store sales data is calculated 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.

(2) Average square footage — all stores is calculated by dividing the total square footage for all stores open at the end of the period by the number of stores open at the end of such period.

(3) Average sales per square foot of selling space is calculated by dividing total selling square footage for all stores open the entire year into total sales for those stores. For 2006, the calculation excludes total sales for the 53rd week.

(4) Retail apparel stores include stores operating under our Men's Wearhouse, K&G and Moores brands.

Item 7. ***Management's Discussion And Analysis Of Financial Condition And Results Of Operations***

General

The Men's Wearhouse opened its first store in Houston, Texas in August 1973, and we are now one of the largest specialty retailers of men's suits in the United States and Canada. At February 3, 2007, we operated 752 retail apparel stores with 636 stores in the United States and 116 stores in Canada. Our U.S. stores are primarily operated under the brand names of Men's Wearhouse (543 stores) and K&G (93 stores) in 45 states and the District of Columbia. Our Canadian stores are operated under the brand name of Moores Clothing for Men in ten provinces. For 2006, we had revenues of $1.882 billion and net earnings of $148.6 million, compared to revenues of $1.725 billion and net earnings of $103.9 million in 2005 and revenues of $1.547 billion and net earnings of $71.4 million in 2004. The more significant factors impacting these results are addressed in the "Results of Operations" discussion below.

Under the Men's Wearhouse and Moores brands, which contributed approximately 77% of our revenues, we target middle and upper-middle income men by offering quality merchandise at everyday low prices. Because we concentrate on men's "wear-to-work" business attire which is characterized by infrequent and more predictable fashion changes, we believe we are not as exposed to trends typical of more fashion-forward apparel retailers, where significant markdowns and promotional pricing are more common. In addition, because this inventory mix includes "business casual" merchandise, we are able to meet demand for such products resulting from the trend over the past decade toward more relaxed dress codes in the workplace. We also strive to provide a superior level of customer service by training our sales personnel as clothing consultants and offering on-site tailoring services in each of our stores. We believe that the quality, value, selection and service we provide to our Men's Wearhouse and Moores customers have been significant factors in enabling us to consistently gain market share within both the U.S. and Canadian markets for men's tailored apparel.

In addition, we have expanded our customer base and leveraged our existing infrastructure by offering our tuxedo rental program in nearly all of our Men's Wearhouse stores and in all of our Moores stores. As a percentage of total revenues, tuxedo rentals have grown from 5.0% in 2004 to 5.6% in 2005 and 6.3% in 2006. These revenues are expected to continue to increase in 2007 as the program continues to mature and as we complete our acquisition of After Hours Formalwear, Inc. (discussed below) and integrate it into our operations.

Under the K&G brand, we target the more price sensitive customer with a value-oriented superstore approach. K&G's merchandising strategy emphasizes broad assortments of men's apparel across all major categories, including tailored clothing, casual sportswear, dress furnishings, footwear and accessories. In addition, 73 of the 93 K&G stores operating at February 3, 2007 offer ladies' career apparel that is also targeted to the more price sensitive customer. Although K&G employees assist customers with merchandise selection, including correct sizing, the stores are designed to allow customers to select and purchase apparel by themselves. Each store also provides on-site tailoring services.

Our business is subject to seasonal fluctuations. In most years, a significant portion of our net sales and our net earnings have been generated during the fourth quarter of each year when holiday season shopping peaks. In addition, our increased tuxedo rental business during the prom and wedding seasons has increased the significance of our second quarter net sales and net earnings. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full year.

We opened 20 stores in 2004, 18 stores in 2005 and 35 stores in 2006 under our Men's Wearhouse, K&G and Moores brands. Expansion is generally continued within a market as long as management believes it will provide profitable incremental sales volume. In 2007, we plan to open approximately 21 new Men's Wearhouse stores and 15 new K&G stores and to expand and/or relocate approximately 26 existing Men's Wearhouse stores and four existing K&G stores. The average cost (excluding telecommunications and point-of-sale equipment and inventory) of opening a new store is expected to be approximately $0.4 million in 2007. Although we believe that our ability to increase the number of Men's Wearhouse stores in the U.S. above 600 will be limited, we believe that additional growth opportunities exist through improving and diversifying the merchandise mix, relocating stores, expanding our K&G brand and adding complementary products and services.

We have closed 14 stores in the three years ended February 3, 2007. Generally, in determining whether to close a store, we consider the store's historical and projected performance and the continued desirability of the store's location. In determining store contribution, we consider net sales, cost of sales and other direct store costs, but exclude buying costs, corporate overhead, depreciation and amortization, financing costs and advertising. Store performance is continually monitored and, occasionally, as regions and shopping areas change, we may determine that it is in our best interest to close or relocate a store. In 2004, six stores were closed due to substandard performance or lease expiration. In 2005, four stores were closed due to substandard performance or lease expiration and two stores were closed due to demographic changes in the areas and/or the proximity of a newly opened store. In 2006, two stores were closed due to lease expiration. We plan to close two stores in 2007.

During fiscal year 2004, we opened six new casual clothing/sportswear concept stores (dba "Eddie Rodriguez") 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 test concept stores and, as of June 30, 2005, all six of the stores had been closed. Net operating losses from these stores reduced diluted earnings per share by $0.05 and $0.11 for fiscal 2004 and 2005, respectively.

During the fourth quarter of fiscal 2004, we opened two test bridal stores (dba "Bride & Joy") in the San Francisco Bay Area in order to test additional opportunities in the bridal industry. A decision was made to exit the test of these bridal stores and both locations were closed by the end of the third quarter of fiscal 2006.

On November 16, 2006, we entered into a definitive stock purchase agreement with Federated Department Stores, Inc. and David's Bridal, Inc. to acquire After Hours Formalwear, Inc. ("After Hours") for a cash consideration of $100.0 million, subject to certain adjustments. After Hours is the largest men's formalwear chain in the United States and operates 507 stores in 35 states under After Hours Formalwear and Mr. Tux store fronts. After Hours has an exclusive relationship with David's Bridal, Inc., the nation's largest bridal retailer with 269 stores and an online offering. That exclusivity will remain effective after the acquisition and will be extended to Men's Wearhouse and Moores store brands. The acquisition is conditioned upon, among other things, the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. On March 23, 2007, we announced that the Federal Trade Commission had terminated its review and that we expect to close the acquisition on or before April 9, 2007.

Critical Accounting Estimates

The preparation of our consolidated financial statements requires the appropriate application of accounting policies in accordance with generally accepted accounting principles. In many instances, this also requires management to make estimates and assumptions about future events that affect the amounts and disclosures included in our financial statements. We base our estimates on historical experience and various assumptions that we believe are reasonable under the circumstances. However, since future events and conditions and their effects cannot be determined with certainty, actual results will differ from our estimates and such differences could be material to our financial statements.

Our accounting policies are described in Note 1 of Notes to Consolidated Financial Statements. We consistently apply these policies and periodically evaluate the reasonableness of our estimates in light of actual events. Historically, we have found our critical accounting policies to be appropriate and our estimates and assumptions reasonable. We believe our critical accounting policies and our most significant estimates are those that relate to inventories and long-lived assets, including goodwill, our estimated liabilities for the self-insured portions of our workers' compensation and employee health benefit costs, our income taxes, and our operating lease accounting.

Our inventory is carried at the lower of cost or market. Cost is determined on the average cost method for approximately 73% of our inventory and on the retail inventory method for the remaining 27%. Our inventory cost also includes estimated procurement and distribution costs (warehousing, freight, hangers and merchandising costs) associated with the inventory, with the balance of such costs included in cost of sales. We make assumptions, based primarily on historical experience, as to items in our inventory that may be damaged, obsolete or salable only at marked down prices and reduce the cost of inventory to reflect the market value of these items. If actual damages, obsolescence or market demand is significantly different from our estimates, additional inventory write-downs could be required. In addition, procurement and distribution costs are allocated to inventory based on the ratio of annual product purchases to inventory cost. If this ratio were to change significantly, it could materially affect the amount of procurement and distribution costs included in cost of sales.

We make judgments about the carrying value of long-lived assets, such as property and equipment and amortizable intangibles, and the recoverability of goodwill whenever events or changes in circumstances indicate that an other-than-temporary impairment in the remaining value of the assets recorded on our balance sheet may exist. We test goodwill for impairment annually in the fourth quarter of each year or more frequently if circumstances dictate. To estimate the fair value of long-lived assets, including goodwill, we make various assumptions about the future prospects for the brand that the asset relates to and typically estimate future cash flows to be generated by these brands. Based on these assumptions and estimates, we determine whether we need to take an impairment charge to reduce the value of the asset stated on our balance sheet to reflect its estimated fair value. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as industry and economic trends, and internal factors, such as changes in our business strategy and our internal forecasts. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, different assumptions and estimates could materially impact our reported financial results. In 2004, we recorded a pretax impairment charge of $2.2 million related to certain technology assets. No impairment charges were recorded in 2005 and 2006.

We self-insure significant portions of our workers' compensation and employee medical costs. We estimate our liability for future payments under these programs based on historical experience and various assumptions as to participating employees, health care costs, number of claims and other factors, including industry trends and information provided to us by our insurance broker. We also use actuarial estimates with respect to workers' compensation. If the number of claims or the costs associated with those claims were to increase significantly over our estimates, additional charges to earnings could be necessary to cover required payments.

Significant judgment is required in determining the provision for income taxes and the related taxes payable and deferred tax assets and liabilities since, in the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. Additionally, our tax returns are subject to audit by various domestic and foreign tax authorities that could result in material adjustments or differing interpretations of the tax laws. Although we believe that our estimates are reasonable and are based on the best available information at the time we prepare the provision, actual results could differ from these estimates resulting in a final tax outcome that may be materially different from that which is reflected in our consolidated financial statements.

Our operating leases primarily relate to stores and generally contain rent escalation clauses, rent holidays, contingent rent provisions and occasionally leasehold incentives. We recognize rent expense for operating leases on a straight-line basis over the term of the lease, which is generally five to ten years based on the initial lease term plus first renewal option periods that are reasonably assured. The lease terms commence when we take possession with the right to control use of the leased premises and, for stores, is generally 60 days prior to the date rent payments begin. Prior to fiscal 2006, we capitalized rent amounts allocated to the construction period for leased properties as leasehold improvements. In fiscal 2006, we adopted Financial Accounting Standards Board ("FASB") Staff Position ("FSP") No. FAS 13-1 ("FSP 13-1"), "Accounting for Rental Costs Incurred during a Construction Period," which requires that rental costs associated with ground or building operating leases that are incurred during a construction period be recognized as rental expense (see Note 1 of Notes to Consolidated Financial Statements for further discussion regarding FSP 13-1). Deferred rent that results from recognition of rent on a straight-line basis is included in other liabilities. 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.

Results of Operations

The following table sets forth the Company's results of operations expressed as a percentage of net sales for the periods indicated:

	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006
Net sales	100.0%	100.0%	100.0%
Cost of goods sold, including buying and distribution costs	49.8	48.7	45.6
Occupancy costs	11.2	10.9	11.1
Gross margin	39.0	40.4	43.3
Selling, general and administrative expenses	31.4	30.8	31.4
Operating income	7.6	9.6	11.9
Interest income	(0.1)	(0.1)	(0.5)
Interest expense	0.4	0.3	0.5
Earnings before income taxes	7.3	9.4	11.9
Provision for income taxes	2.7	3.4	4.0
Net earnings	4.6%	6.0%	7.9%

2006 Compared with 2005

The Company's net sales increased $157.2 million, or 9.1%, to $1.882 billion for 2006 due mainly to a $113.8 million increase in clothing product sales, a $17.5 million increase in alteration service revenues and a $23.3 million increase in tuxedo rental revenues. The components of this $157.2 million increase in net sales are as follows:

Amount Attributed to (In millions)		
$	43.3	1.9% and 8.7% increase in comparable sales for US and Canadian stores, respectively, in 2006 compared to 2005.
	38.8	Net sales from 35 new stores opened in 2006.
	31.7	Impact of 53rd week in 2006.
	21.5	Increase from net sales of stores opened in 2005, relocated stores and expanded stores not included in comparable sales.
	19.3	Increase from alteration and other sales.
	(8.9)	Closed stores in 2005 and 2006.
	11.5	Effect of exchange rate changes.
$	**157.2**	**Total**

Our Men's Wearhouse comparable store sales (which are calculated 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 3.1%, while our K&G comparable store sales decreased 1.8%. Our Men's Wearhouse comparable store sales increased due to a slight increase in traffic levels and continued growth in our tuxedo rental business. The decrease in K&G comparable store sales was due mainly to a decrease in traffic levels. In Canada, comparable store sales increased 8.7% primarily as a result of improvement in the clothing average ticket, increased traffic and continued growth in our tuxedo rental business. As a percentage of total revenues, combined U.S. and Canadian tuxedo rental revenues increased from 5.6% in fiscal 2005 to 6.3% in fiscal 2006.

Gross margin increased $118.6 million, or 17.0%, to $815.7 million in 2006. As a percentage of sales, gross margin increased from 40.4% in 2005 to 43.3% in 2006. This increase in gross margin percentage resulted mainly from improvements in merchandise margins related to lower product costs and continued growth in our tuxedo rental business, which carries a significantly higher incremental gross margin impact than our traditional businesses. This increase in the gross margin percentage was partially offset by an increase in 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, from 2005 to 2006. On an absolute dollar basis, occupancy costs increased by 11.6% from 2005 to 2006 due mainly to our increased store count and renewals of existing leases at higher rates.

Selling, general and administrative ("SG&A") expenses increased to $591.8 million in fiscal 2006 from $531.8 million in fiscal 2005, an increase of $60.0 million or 11.3%. As a percentage of sales, these expenses increased from 30.8% in 2005 to 31.4% in 2006. The components of this 0.6% net increase in SG&A expenses as a percentage of net sales are as follows:

%	Attributed to
0.1%	Increase in store salaries as a percentage of sales from 12.7% in 2005 to 12.8% in 2006. Store salaries on an absolute dollar basis increased $22.4 million primarily due to increased commissions associated with higher sales and increased base salaries.
0.5%	Increase in other SG&A expenses as a percentage of sales from 14.6% in 2005 to 15.1% in 2006. On an absolute dollar basis, other SG&A expenses increased $31.8 million primarily as a result of continued growth in our tuxedo rental business, increased base salaries and benefits and stock based compensation recorded in connection with the adoption of SFAS 123R. These increases were offset in part by the absence in the current year of costs associated with the closure of our R&D casual clothing/sportswear concept stores incurred in fiscal 2005.
0.6%	**Total**

Interest expense increased from $5.9 million in 2005 to $9.2 million in 2006 while interest income increased from $3.3 million in 2005 to $9.8 million in 2006. Weighted average borrowings outstanding increased from $130.8 million in the prior year to $202.1 million in 2006, and the weighted average interest rate on outstanding indebtedness remained constant at 3.3%. The increase in weighted average borrowings is due to Canadian term loan borrowings of US$75.0 million in January 2006 that were used to fund the repatriation of foreign earnings from our Canadian subsidiaries under the American Jobs Creation Act of 2004. This increase was offset slightly by our election to redeem our $130 million 3.125% Convertible Senior Notes due 2023 ("Notes") in the fourth quarter of 2006. For additional information regarding the redemption of our Notes, refer to Note 3 of Notes to Consolidated Financial Statements and the "Liquidity and Capital Resources" discussion herein. The increase in interest income primarily resulted from increases in our average cash and short-term investment balances and higher interest rates.

Our effective income tax rate decreased from 36.1% in 2005 to 33.8% in 2006 due primarily to favorable developments on certain outstanding income tax matters and an increase in the amount of tax exempt interest income for the current fiscal year. Excluding the adjustments to tax reserves associated with the favorable developments on certain outstanding income tax matters, our effective tax rate would have been 36.1% for fiscal 2006.

These factors resulted in 2006 net earnings of $148.6 million or 7.9% of net sales, compared with 2005 net earnings of $103.9 million or 6.0% of net sales.

2005 Compared with 2004

The Company's net sales increased $178.2 million, or 11.5%, to $1.725 billion for 2005 due mainly to a $146.3 million increase in clothing product sales, a $7.0 million increase in alteration service revenues and an $18.7 million increase in tuxedo rental revenues. The components of this $178.2 million increase in net sales are as follows:

Amount (In millions)		Attributed to
$	108.3	8.4% and 2.7% increase in comparable sales for US and Canadian stores, respectively, in 2005 compared to 2004.
	18.8	Net sales from 18 new stores opened in 2005.
	26.6	Increase from net sales of stores opened in 2004, relocated stores and expanded stores not included in comparable sales.
	15.7	Increase from other sales.
	(3.1)	Closed stores in 2005 and in 2004.
	11.9	Effect of exchange rate changes.
$	**178.2**	**Total**

Our U.S. comparable store sales (which are calculated 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 8.4% 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 and in our tuxedo rental revenues. 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 2.7% primarily as a result of improved retail sales in suits and shirts and continued growth in our tuxedo rental business.

Gross margin increased $94.1 million, or 15.6%, to $697.1 million in 2005. As a percentage of sales, gross margin increased from 39.0% in 2004 to 40.4% in 2005. This increase in gross margin percentage resulted mainly from higher initial mark-ups and from continued growth in our tuxedo rental business, which carries a significantly higher incremental gross margin impact than our clothing sales. 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 as a percentage of sales from 2004 to 2005. However, on an absolute dollar basis, occupancy costs increased by 7.8% from 2004 to 2005 due mainly to higher rent expense from our increased store count and renewals of existing leases at higher rates and increased depreciation.

Selling, general and administrative ("SG&A") expenses increased to $531.8 million in fiscal 2005 from $484.9 million in fiscal 2004, an increase of $46.9 million or 9.7%. As a percentage of sales, these expenses decreased from 31.4% in 2004 to 30.8% in 2005. The components of this 0.6% net decrease in SG&A expenses as a percentage of net sales were as follows:

%	Attributed to
(0.4%)	Decrease in advertising expenses as a percentage of sales from 3.9% in 2004 to 3.5% in 2005. On an absolute dollar basis, advertising expense increased $1.1 million.
(0.1%)	Decrease in store salaries as a percentage of sales from 12.8% in 2004 to 12.7% in 2005 primarily due to leveraging of these costs from higher sales. Store salaries on an absolute dollar basis increased $20.6 million primarily due to increased commissions associated with higher sales and increased base salaries.
(0.1%)	Decrease in other SG&A expenses as a percentage of sales from 14.7% in 2004 to 14.6% in 2005, primarily due to leveraging fixed general and administrative costs from higher sales. On an absolute dollar basis, other SG&A expenses increased $25.2 million primarily as a result of continued growth in our tuxedo rental business and costs associated with the closure of our six R&D casual clothing/sportswear concept stores, offset in part by the absence in the current year of a $2.2 million asset impairment charge incurred in fiscal 2004.
(0.6%)	**Total**

Interest expense remained constant at $5.9 million in 2005 while interest income increased from $1.5 million in 2004 to $3.3 million in 2005. Weighted average borrowings outstanding decreased slightly from $130.9 million in the prior year to $130.8 million in 2005, and the weighted average interest rate on outstanding indebtedness decreased from 3.4% to 3.3%. The increase in interest income primarily relates to increases in our average cash and short-term investment balances and in higher interest rates. See Note 3 of Notes to Consolidated Financial Statements and "Liquidity and Capital Resources" discussion herein.

Our effective income tax rate decreased from 37.3% in 2004 to 36.1% in 2005 due primarily to (i) a $2.3 million reduction in previously recorded tax accruals due to developments associated with certain tax audits, (ii) a $2.0 million reduction in previously recorded tax accruals associated with favorable developments on certain outstanding income tax matters and (iii) an increase in the amount of tax exempt interest income for the current fiscal year. These reductions were partially offset by additional tax expenses of $3.9 million resulting from the repatriation of foreign earnings from our Canadian subsidiaries in the fourth quarter of 2005 under the provisions of the American Jobs Creation Act of 2004. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information regarding our income tax provision and the repatriation of foreign earnings.

These factors resulted in 2005 net earnings of $103.9 million or 6.0% of net sales, compared with 2004 net earnings of $71.4 million or 4.6% of net sales.

Liquidity and Capital Resources

On June 13, 2005, we effected a three-for-two stock split by paying a 50% stock dividend to shareholders of record as of May 31, 2005.

On December 21, 2005, we entered into an Amended and Restated Credit Agreement (the "Credit Agreement") with a group of banks to amend and restate our revolving credit facility. On February 2, 2007, we entered into an Agreement and Amendment to the Credit Agreement effective as of January 31, 2007 (the "Amendment"). The Amendment (i) extends the maturity date of the revolving credit facility under the Credit Agreement to February 11, 2012 and (ii) increases the total senior secured revolving credit facility under the Credit Agreement from $100.0 million to $200.0 million, which can be expanded to $250.0 million upon additional lender commitments. The Credit Agreement also provided our Canadian subsidiaries with a senior secured term loan used to fund the repatriation of US$74.7 million of Canadian earnings in January 2006 under the American Jobs Creation Act of 2004. The Canadian term loan matures on February 10, 2011. The Credit Agreement is secured by the stock of certain of the Company's subsidiaries. The Credit Agreement has several borrowing and interest rate options including the following indices: (i) an alternate base rate (equal to the greater of the prime rate or the federal funds rate plus 0.5%) or (ii) LIBO rate or (iii) CDO rate. Advances under the Credit Agreement bear interest at a rate per annum using the applicable indices plus a varying interest rate margin up to 1.125%. The Credit Agreement also provides for fees applicable to unused commitments ranging from 0.100% to 0.175%. The effective interest rate for the Canadian term loan was 5.0% at February 3, 2007. As of February 3, 2007, there were no borrowings outstanding under the revolving credit facility and there was US$73.0 million outstanding under the Canadian term loan.

The Credit Agreement contains certain restrictive and financial covenants, including the requirement to maintain certain financial ratios. The restrictive provisions in the Credit Agreement have been modified to afford us with greater operating flexibility than was provided for in our previous facility and to reflect an overall covenant structure that is generally representative of a commercial loan made to an investment-grade company. Our debt, however, is not rated, and we have not sought, and are not seeking, a rating of our debt. We were in compliance with the covenants in the Credit Agreement as of February 3, 2007.

On October 21, 2003, we issued $130.0 million of 3.125% Convertible Senior Notes due 2023 ("Notes") in a private placement. Interest on the Notes was payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2004. The Notes were scheduled to mature on October 15, 2023. However, we had the right to redeem the Notes between October 20, 2006 and October 19, 2008 if the price of our common stock reached certain levels.

During certain periods, the Notes were convertible by holders into shares of our common stock at a conversion rate of 35.1309 shares of common stock per $1,000 principal amount of Notes, which was equivalent to a conversion price of $28.47 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 exceeded 120% of the conversion price under specified conditions; (2) if we called 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 could, 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 were 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 were effectively subordinated to all of our senior secured indebtedness and all indebtedness and liabilities of our subsidiaries.

On November 16, 2006, we issued a press release announcing that, as a result of the closing sale price of the Company's common stock exceeding 140% of the conversion price for the requisite number of days during the requisite period, we had elected to redeem the full $130.0 million aggregate principal amount of the Notes. Holders of the Notes had the right to convert their notes at any time prior to two business days immediately preceding the redemption date. As indicated above, we had irrevocably elected to settle the principal amount at issuance of the Notes in cash when and if surrendered for conversion. Under the terms governing the Notes, holders of approximately $127.0 million principal amount of the Notes exercised their conversion right in lieu of having their notes redeemed and we exercised our right to pay cash for the principal amount of the Notes converted in lieu of issuing common stock. The market value of the common stock to be issued upon conversion that exceeded the principal amount was paid by delivering common stock. As a result, we paid approximately $127.0 million in cash and issued 1,222,364 shares of the Company's common stock pursuant to the requested conversions. The remaining $3.0 million principal amount of the Notes was redeemed on December 15, 2006 with such payment and accrued and unpaid interest being made in cash. Notes converted into common stock prior to the redemption date were not entitled to receive accrued and unpaid interest. In connection with the conversion and redemption of the Notes, we paid approximately $130.1 million in cash, issued 1,222,364 shares of the Company's common stock and wrote-off approximately $1.3 million of unamortized deferred financing costs.

We utilize letters of credit primarily for inventory purchases. At February 3, 2007, letters of credit totaling approximately $19.0 million were issued and outstanding.

A quarterly cash dividend of $0.05 per share was paid for each of the first quarter ended April 29, 2006, the second quarter ended July 29, 2006, the third quarter ended October 28, 2006 and the fourth quarter ended February 3, 2007. Cash dividends paid were approximately $10.8 million for the fiscal year ended February 3, 2007. In January 2007, our Board of Directors declared a quarterly cash dividend of $0.05 per share of our common stock payable on March 30, 2007 to shareholders of record on March 20, 2007. The dividend payout is approximately $2.7 million and is included in accrued expenses as of February 3, 2007.

In March 2007, our Board of Directors declared a quarterly cash dividend of $0.06 per share payable on July 6, 2007 to shareholders of record at the close of business on June 27, 2007.

On November 16, 2006, we entered into a definitive stock purchase agreement with Federated Department Stores, Inc. and David's Bridal, Inc. to acquire After Hours Formalwear, Inc. ("After Hours") for a cash consideration of $100.0 million, subject to certain adjustments. After Hours is the largest men's formalwear chain in the United States and operates 507 stores in 35 states under After Hours Formalwear and Mr. Tux store fronts. After Hours has an exclusive relationship with David's Bridal, Inc., the nation's largest bridal retailer with 269 stores and an online offering. That exclusivity will remain effective after the acquisition and will be extended to Men's Wearhouse and Moores store brands. The acquisition is conditioned upon, among other things, the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. On March 23, 2007, we announced that the Federal Trade Commision had terminated its review and that we expect to close the acquisition on or before April 9, 2007.

Our primary sources of working capital are cash flow from operations and, if necessary, borrowings under the Credit Agreement. We had working capital of $388.2 million, $491.5 million and $454.7 million at the end of 2004, 2005 and 2006, respectively. Historically, our working capital has been at its lowest level in January and February, and has increased through November as inventory buildup occurs in preparation for the fourth quarter selling season. The $36.8 million decrease in working capital at February 3, 2007 compared to January 28, 2006 resulted from the following:

	(In millions)	Amount Attributed to
$	(83.3)	Decrease in cash and short-term investments, due primarily to the redemption of our 3.125% Convertible Senior Notes due 2023, purchases of treasury stock and cash dividends paid.
	33.8	Increase in inventories due to square footage growth of 8.9%.
	23.7	Decrease in accounts payable due to amount and timing of 2006 payables as compared to the same items for 2005.
	(5.6)	Increase in accrued expenses due to increased accruals for payroll, medical claims, vacation, unredeemed gift certificates and contributions to our employee stock option plan.
	(5.4)	Other items.
$	**(36.8)**	**Total**

Our operating activities provided net cash of $130.0 million in 2004, $154.6 million in 2005 and $160.8 million in 2006 mainly because cash provided by net earnings, as adjusted for non-cash charges and, in 2004, increases in payables and accrued expenses more than offset cash used for increases in inventories, tuxedo rental product and, in 2006, decreases in payables and accrued expenses. Inventories increased in each of the years due mainly to increased selling square footage and increased sales. The increase in tuxedo rental product in each of the years is due to purchases to support the continued growth in our tuxedo rental business. In 2004, the increase in accounts payable and accrued expenses was due to higher bonuses earned as a result of increased sales, the expansion of our Men's Wearhouse customer loyalty program and increased customer purchases of gift cards. In 2006, the decrease in accounts payable and accrued expenses was due mainly to the timing of vendor payments.

Our investing activities used net cash of $96.9 million and $129.4 million in 2004 and 2005, respectively, due mainly to capital expenditures of $85.4 million and $66.5 million in 2004 and 2005, respectively, and in 2005 net purchases of short-term investments of $62.8 million. In 2006, our investing activities used net cash of $11.6 million due mainly to capital expenditures of $72.9 million, offset by net proceeds of short-term investments of $62.8 million. Short-term investments consist of auction rate securities which represent funds available for current operations. These securities have stated maturities beyond three months but are priced and traded as short-term instruments due to the liquidity provided through the interest rate mechanism of 7 to 35 days. As of February 3, 2007, we held no short-term investments. Our capital expenditures relate to costs incurred for stores opened, remodeled or relocated during the year or under construction at the end of the year, distribution facility additions and infrastructure technology investments as detailed below. In 2004, our cash used by investing activities also included $11.0 million for net assets acquired for 11 retail dry cleaning and laundry facilities operating in the Houston, Texas area.

The following table details our capital expenditures (in millions):

	2004	2005	2006
New store construction	$14.3	$13.4	$19.0
Relocation and remodeling of existing stores	18.9	30.3	29.2
Information technology	10.7	10.6	8.8
Distribution facilities	30.5	11.1	13.5
Other	11.0	1.1	2.4
Total	$85.4	$66.5	$72.9

Property additions relating to new retail apparel stores include stores in various stages of completion at the end of the fiscal year (eight stores at the end of 2004, 12 stores at the end of 2005 and one store at the end of 2006). In addition, our expenditures for the relocation and remodeling of existing retail apparel stores continue to increase as we update our store base. Capital expenditures in 2004 included approximately $10.0 million for the centralization in Houston, Texas of our warehouse and distribution program for our K&G stores and approximately $13.0 million related to our Canadian operations for the purchase of a new tuxedo distribution center in Toronto, Ontario and for the construction of a new warehouse and distribution center in Montreal, Quebec.

We used net cash in financing activities of $1.6 million in 2004 due mainly to purchases of treasury stock offset by proceeds from the issuance of our common stock for options exercised. In September 2003, the Board of Directors authorized a program for the repurchase of up to $100.0 million of our common stock in the open market or in private transactions. As of January 29, 2005, we had repurchased under the September 2003 program 2,108,100 shares at a cost of $42.4 million in private transactions and 3,054,600 shares at a cost of $51.4 million in open market transactions, for a total of 5,162,700 shares at an average price per share of $18.17. During fiscal 2004, a total of 484,500 shares at a cost of $8.7 million were repurchased under this program at an average price per share of $17.96. 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 approximately $6.2 million we had remaining under the September 2003 authorization. As of January 29, 2005, a total of 149,100 shares at a cost of $2.5 million were repurchased in open market transactions under this program at an average price per share of $16.66. Under all authorized programs during fiscal 2004, we repurchased 633,600 shares of our common stock at a cost of $11.2 million, with an average repurchase price of $17.65 per share. As of

January 28, 2006, we had repurchased under the June 2004 program 1,652,850 shares at a cost of $43.0 million in open market transactions at an average price per share of $26.00.

In 2005, net cash provided by financing activites was $5.1 million due mainly to borrowings under our Credit Agreement used to fund the repatriation of $US74.7 million of foreign earnings from our Canadian subsidiaries and proceeds from the issuance of our common stock for options exercised, offset by purchases of treasury stock. In May 2005, the Board of Directors approved a replenishment of our 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. As of January 28, 2006, a total of 1,696,000 shares at a cost of $49.8 million were repurchased in open market transactions under this program at an average price per share of $29.36. On January 25, 2006, the Board of Directors authorized a new $100.0 million share repurchase program of our common stock. This authorization superceded the approximately $0.2 million we had remaining under the May 2005 authorization. No shares were repurchased under this program as of January 28, 2006. During 2005, a total of 3,199,750 shares at a cost of $90.3 million were repurchased in open market transactions under all authorized stock repurchase programs at an average price per share of $28.21.

In 2006, our financing activities used net cash of $168.2 million due mainly to redemption of our 3.125% Convertible Senior Notes due 2023, purchases of treasury stock and cash dividends paid, offset partially by proceeds from the issuance of our common stock in connection with the exercise of stock options. During 2006, a total of 1,134,000 shares at a cost of $40.3 million were repurchased in open market transaction under the January 2006 authorization at an average price per share of $35.53. The remaining balance available under the January 2006 authorization at February 3, 2007 is $59.7 million.

The following table summarizes our share repurchases over the last three fiscal years:

	2004	2005	2006
Shares repurchased (in thousands)	633.6	3,199.8	1,134.0
Total costs (in millions)	$ 11.2	$ 90.3	$ 40.3
Average price per share	$17.65	$ 28.21	$ 35.53

In addition to funding the acquisition of After Hours Formalwear, Inc. as discussed above, our primary cash requirements are to finance working capital increases as well as to fund capital expenditure requirements which are anticipated to be approximately $65.0 million for 2007. This amount includes the anticipated costs of opening approximately 21 new Men’s Wearhouse stores and 15 new K&G stores in 2007 at an expected average cost per store of approximately $0.4 million (excluding telecommunications and point-of-sale equipment and inventory) and the cost of our new office and data center facilities. The balance of the capital expenditures for 2007 will be used for telecommunications, point-of-sale and other computer equipment and systems, store relocations, remodeling and expansion and investment in complimentary services and concepts. The Company anticipates that each of the 21 new Men’s Wearhouse stores and each of the 15 new K&G stores will require, on average, an initial inventory costing approximately $0.4 million and $1.5 million, respectively (subject to the seasonal patterns that affect inventory at all stores), which will be funded by our revolving credit facility, trade credit and cash from operations. The actual amount of future capital expenditures and inventory purchases will depend in part on the number of new stores opened and the terms on which new stores are leased. Additionally, the continuing consolidation of the men’s tailored clothing industry may present us with opportunities to acquire retail chains significantly larger than our past acquisitions. Any such acquisitions may be undertaken as an alternative to opening new stores. We may use cash on hand, together with cash flow from operations, borrowings under our revolving credit facility and issuances of equity securities, to take advantage of significant acquisition opportunities.

On August 16, 2004, we purchased a store (land and building, which we had been leasing) in Dallas, Texas for $1.0 million from 8239 Preston Road, Inc., a Texas corporation of which George Zimmer, Chairman of the Board and CEO of the Company, James E. Zimmer, Senior Vice President-Merchandising of the Company, and Richard Goldman, a former officer and director of the Company, each owned 20% of the outstanding common stock, and Laurie Zimmer, sister of George and James E. Zimmer, owned 40% of the outstanding common stock.

On August 20, 2004, we purchased a 1980 Gulfstream III aircraft from Regal Aviation L.L.C. (“Regal Aviation”) for $5.0 million. Regal Aviation operates a private air charter service and is a limited liability company of which George Zimmer owns 99%. In addition, on August 20, 2004, we entered into a leasing arrangement with Regal Aviation under which Regal Aviation operates, manages and markets the aircraft as well as provides the appropriate flight personnel and services. The aircraft is utilized to provide air transportation from time to time for George Zimmer and is leased to third parties for charter. On August 31, 2006, Regal Aviation sold substantially all of its assets to an unrelated third party who now provides to us those services previously provided by Regal Aviation.

On October 15, 2004, we purchased a warehouse facility located in Houston, Texas (the "Facility") from Zig Zag for $0.7 million. Zig Zag is a Texas joint venture, in which Richard E. Goldman, George Zimmer and James E. Zimmer were the sole and equal joint venturers. Prior to the purchase of the Facility, we leased the Facility from Zig Zag.

Based on the results of appraisals and review of the terms of other Regal Aviation leasing arrangements with unrelated third parties, we believe that the terms of the aircraft purchase and leasing agreements and the terms of the store purchase and the Facility purchase were comparable to what would have been available to us from unaffiliated third parties at the time such agreements were entered into.

We anticipate that our existing cash and cash flow from operations, supplemented by borrowings under our Credit Agreement, will be sufficient to fund the After Hours Formalwear, Inc. acquisition, 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. 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.

Contractual Obligations

As of February 3, 2007, the Company is obligated to make cash payments in connection with its long-term debt, noncancelable capital and operating leases and other contractual obligations in the amounts listed below. In addition, we utilize letters of credit primarily for inventory purchases. At February 3, 2007, letters of credit totaling approximately $19.0 million were issued and outstanding.

	Payments Due by Period				
(In millions)	Total	<1 Year	1-3 Years	3-5 Years	> 5 Years
Contractual obligations					
Long-term debt[(a)]	$ 73.0	$ —	$ —	$ 73.0	$ —
Capital lease obligations[(b)]	4.5	1.1	1.7	1.1	0.6
Operating lease base rentals[(b)]	590.2	113.9	198.3	134.3	143.7
Other contractual obligations[(c)]	31.1	31.1	—	—	—
Total contractual obligations	$698.8	$146.1	$200.0	$208.4	$144.3

(a) Long-term debt includes our Canadian term loan of US$73.0 million due in February 2011. The Canadian term loan bears interest at CDOR plus an applicable margin. This borrowing is further described in Note 1 and Note 3 of Notes to Consolidated Financial Statements. The table assumes our long-term debt is held to maturity.

(b) We lease retail business locations, office and warehouse facilities, copier equipment and automotive equipment under various noncancelable capital and operating leases. Leases on retail business locations specify minimum base rentals plus common area maintenance charges and possible additional rentals based upon percentages of sales. Most of the retail business location leases provide for renewal options at rates specified in the leases. Our future lease obligations would change if we exercised these renewal options and if we entered into additional lease agreements. See Note 10 of Notes to Consolidated Financial Statements for more information.

(c) Other contractual obligations consist primarily of manufacturing contracts to purchase inventory.

In March 2007, we entered into a three year transportation agreement, commencing April 2, 2007, with Ryder Integrated Logistics, Inc., to execute shipments from vendors to our distribution facilities in Houston, Texas, and from the distribution facilities to regional transportation hubs or stores within a regional service area. The transportation agreement terminated leasing agreements we had in place as of the end of fiscal 2006 for our long-haul tractors and trailers. As a result, our total future lease commitments will be reduced by approximately $0.3 million for operating leases and approximately $3.1 million for capital lease obligations. The transportation agreement will increase our other contractual obligations by approximately $1.5 million in fiscal 2007, $1.4 million in fiscal 2008, $1.2 million in fiscal 2009 and $0.2 million in fiscal 2010.

Off-Balance Sheet Arrangements

Other than the noncancelable operating leases, other contractual obligations and letters of credit discussed above, the Company does not have any off-balance sheet arrangements that are material to its financial position or results of operations.

Impact of Recently Issued Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a Company’s financial statements in accordance with FASB No. 109, “Accounting for Income Taxes.” FIN 48 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption are to be accounted for as an adjustment to the beginning balance of retained earnings. FIN 48 is effective as of the beginning of fiscal years that begin after December 15, 2006. We will adopt FIN 48 in the first quarter of fiscal 2007. We are currently evaluating the impact that the adoption of FIN 48 will have on our financial position, results of operations and cash flows.

In June 2006, the EITF ratified its conclusion on EITF Issue No. 06-02 “Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43,” “Accounting for Compensated Absences” (“EITF 06-02”). EITF 06-02 requires that compensation expense associated with a sabbatical leave, or other similar benefit arrangement, be accrued over the requisite service period during which an employee earns the benefit. EITF 06-02 is effective for fiscal years beginning after December 15, 2006 and should be recognized as either a change in accounting principle through a cumulative effect adjustment to retained earnings as of the beginning of the year of adoption or a change in accounting principle through retrospective application to all prior periods. We will adopt EITF 06-02 in the first quarter of fiscal 2007. We are currently evaluating the impact that the adoption of EITF 06-02 will have on our financial position, results of operations and cash flows.

In June 2006, the EITF ratified its conclusion on EITF No. 06-03, “How Taxes Collected From Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation),” (“EITF 06-03”). EITF 06-03 concluded that the presentation of taxes assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer such as sales, use, value added and certain excise taxes is an accounting policy decision that should be disclosed in a Company’s financial statements. Additionally, companies that record such taxes on a gross basis should disclose the amounts of those taxes in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant. EITF 06-03 is effective for fiscal years beginning after December 15, 2006. The adoption of EITF 06-03 will have no effect on our financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). This statement defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The statement applies whenever other statements require or permit assets or liabilities to be measured at fair value. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS 157 will have on our financial position, results of operations and cash flows.

In September 2006, the SEC issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance regarding the consideration given to prior year misstatements when determining materiality in current year financial statements. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have a material impact on our financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115," ("SFAS 159"). SFAS 159 provides companies with an option to measure certain financial instruments and other items at fair value with changes in fair value reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS 159 will have on our financial position, results of operations and cash flows.

Inflation

The impact of inflation on the Company has been minimal.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

We are subject to exposure from fluctuations in U.S. dollar/Euro exchange rates. As further described in Note 8 of Notes to Consolidated Financial Statements and Item 7, "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 February 3, 2007, we had no contracts outstanding. At January 28, 2006, we had three contracts maturing in varying increments to purchase an aggregate notional amount of $1.2 million in foreign currency, maturing at various dates through April 2006. Unrealized pretax losses on these forward contracts totaled approximately $32 thousand at January 28, 2006.

Moores 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.

We are also subject to market risk from our Canadian term loan of US$73.0 million at February 3, 2007, which bears interest at CDOR plus an applicable margin (see Note 3 of Notes to Consolidated Financial Statements). An increase in market interest rates would increase our interest expense and our cash requirements for interest payments. For example, an average increase of 0.5% in the variable interest rate would increase our interest expense and payments by approximately $0.4 million.

Item 8. ***Financial Statements and Supplementary Data***

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officers, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Our management assessed the effectiveness of our internal control over financial reporting as of the end of our most recent fiscal year. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework. Based on such assessment, management concluded that, as of February 3, 2007, our internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of our internal control over financial reporting as of February 3, 2007 has been audited by Deloitte & Touche LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this report, as stated in their report which appears on page 31 of this Annual Report on Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Men's Wearhouse, Inc.
Houston, Texas

We have audited management's assessment, included in the accompanying "Management's Report on Internal Control Over Financial Reporting", that The Men's Wearhouse, Inc. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of February 3, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of February 3, 2007, is fairly stated, in all material respects, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 3, 2007, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended February 3, 2007 of the Company and our report dated April 2, 2007 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Houston, Texas
April 2, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Men's Wearhouse, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of The Men's Wearhouse, Inc. and subsidiaries (the "Company") as of February 3, 2007 and January 28, 2006, and the related consolidated statements of earnings, shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended February 3, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Men's Wearhouse and subsidiaries as of February 3, 2007 and January 28, 2006, and the results of their operations and their cash flows for each of the three years in the period ended February 3, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of February 3, 2007, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 2, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Houston, Texas
April 2, 2007

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands, except shares)

	January 28, 2006	February 3, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 200,226	$ 179,694
Short-term investments	62,775	—
Accounts receivable, net	16,837	17,018
Inventories	416,603	448,586
Other current assets	33,171	35,531
Total current assets	729,612	680,829
PROPERTY AND EQUIPMENT, AT COST:		
Land	9,122	9,093
Buildings	54,515	63,477
Leasehold improvements	244,300	264,276
Furniture, fixtures and equipment	304,020	332,494
	611,957	669,340
Less accumulated depreciation and amortization	(342,371)	(379,700)
Net property and equipment	269,586	289,640
TUXEDO RENTAL PRODUCT, net	52,561	57,565
GOODWILL	57,601	56,867
OTHER ASSETS, net	13,914	12,051
TOTAL	$1,123,274	$1,096,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 125,064	$ 111,213
Accrued expenses	91,935	95,249
Income taxes payable	21,086	19,676
Total current liabilities	238,085	226,138
LONG-TERM DEBT	205,251	72,967
DEFERRED TAXES AND OTHER LIABILITIES	52,405	44,075
Total liabilities	495,741	343,180
COMMITMENTS AND CONTINGENCIES (Note 3 and Note 10)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 2,000,000 shares authorized, no shares issued	—	—
Common stock, $.01 par value, 100,000,000 shares authorized, 67,237,824 and 69,154,241 shares issued	671	691
Capital in excess of par	255,214	286,120
Retained earnings	614,680	752,361
Accumulated other comprehensive income	26,878	23,496
Total	897,443	1,062,668
Treasury stock, 14,169,241 and 15,234,677 shares at cost	(269,910)	(308,896)
Total shareholders' equity	627,533	753,772
TOTAL	$1,123,274	$1,096,952

The accompanying notes are an integral part of these consolidated financial statements.

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THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
For the Years Ended
January 29, 2005, January 28, 2006 and February 3, 2007
(In thousands, except per share amounts)

	Fiscal Year		
	2004	2005	2006
Net sales:			
Clothing product	$1,381,241	$1,527,526	$1,641,300
Tuxedo rental, alteration and other services	165,438	197,372	240,764
Total net sales	1,546,679	1,724,898	1,882,064
Cost of sales:			
Clothing product, including buying and distribution costs	685,412	737,149	742,769
Tuxedo rental, alteration and other services	84,660	103,527	114,779
Occupancy costs	173,603	187,087	208,811
Total cost of sales	943,675	1,027,763	1,066,359
Gross margin	603,004	697,135	815,705
Selling, general and administrative expenses	484,916	531,839	591,767
Operating income	118,088	165,296	223,938
Interest income	(1,526)	(3,280)	(9,786)
Interest expense	5,899	5,888	9,216
Earnings before income taxes	113,715	162,688	224,508
Provision for income taxes	42,359	58,785	75,933
Net earnings	$ 71,356	$ 103,903	$ 148,575
Net earnings per share:			
Basic	$ 1.32	$ 1.93	$ 2.80
Diluted	$ 1.29	$ 1.88	$ 2.71
Weighted average common shares outstanding:			
Basic	54,044	53,753	53,111
Diluted	55,220	55,365	54,749

The accompanying notes are an integral part of these consolidated financial statements.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
For the Years Ended
January 29, 2005, January 28, 2006 and February 3, 2007
(In thousands, except shares)

	Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
BALANCE — January 31, 2004	$ 431	$ 205,636	$ 442,074	$ 10,357	$(170,706)	$487,792
Comprehensive income:						
Net earnings	—	—	71,356	—	—	71,356
Translation adjustment	—	—	—	7,371	—	7,371
Change in derivative fair value	—	—	—	(251)	—	(251)
Total comprehensive income						78,476
Common stock issued to stock discount plan — 73,817 shares	—	1,120	—	—	—	1,120
Common stock issued upon exercise of stock options — 734,342 shares	5	9,751	—	—	—	9,756
Tax benefit related to stock-based plans	—	1,768	—	—	—	1,768
Amortization of deferred compensation	—	122	—	—	—	122
Treasury stock issued to profit sharing plan — 65,616 shares	—	(70)	—	—	1,070	1,000
Treasury stock purchased — 633,600 Shares	—	—	—	—	(11,186)	(11,186)
BALANCE — January 29, 2005	436	218,327	513,430	17,477	(180,822)	568,848
Comprehensive income:						
Net earnings	—	—	103,903	—	—	103,903
Translation adjustment	—	—	—	9,826	—	9,826
Change in derivative fair value	—	—	—	(425)	—	(425)
Total comprehensive income						113,304
Stock dividend — 50%	223	(223)	—	—	—	—
Cash dividends declared — $0.05 per share	—	—	(2,653)	—	—	(2,653)
Common stock issued to stock discount plan — 65,596 shares	—	1,427	—	—	—	1,427
Common stock issued upon exercise of stock options — 1,667,477 shares	12	22,823	—	—	—	22,835
Tax benefit related to stock-based plans	—	9,646	—	—	—	9,646
Amortization of deferred compensation	—	2,906	—	—	—	2,906
Treasury stock issued to profit sharing plan — 67,628 shares	—	308	—	—	1,192	1,500
Treasury stock purchased — 3,199,750 Shares	—	—	—	—	(90,280)	(90,280)
BALANCE — January 28, 2006	671	255,214	614,680	26,878	(269,910)	627,533
Comprehensive income:						
Net earnings	—	—	148,575	—	—	148,575
Translation adjustment	—	—	—	(3,401)	—	(3,401)
Change in derivative fair value	—	—	—	19	—	19
Total comprehensive income						145,193
Cash dividends paid — $0.20 per share	—	—	(8,177)	—	—	(8,177)
Cash dividends declared — $0.05 per share	—	—	(2,717)	—	—	(2,717)
Stock-based compensation	—	6,965	—	—	—	6,965
Conversion of debt to common stock — 1,222,364 shares	12	(12)	—	—	—	—
Common stock issued to stock discount plan — 62,543 shares	1	1,728	—	—	—	1,729
Common stock issued upon exercise of stock options — 573,689 shares	6	9,088	—	—	—	9,094
Common stock issued upon vesting of restricted stock and deferred stock units — 57,821 shares	1	(1)	—	—	—	—
Tax payments related to vested deferred stock units	—	(677)	—	—	—	(677)
Tax benefit related to stock-based plans	—	4,800	—	—	—	4,800
Tax benefit related to conversion of debt to common stock	—	8,318	—	—	—	8,318
Treasury stock issued to profit sharing plan — 68,564 shares	—	697	—	—	1,303	2,000
Treasury stock purchased — 1,134,000 shares	—	—	—	—	(40,289)	(40,289)
BALANCE — February 3, 2007	$ 691	$ 286,120	$ 752,361	$ 23,496	$(308,896)	$753,772

The accompanying notes are an integral part of these consolidated financial statements.

THE MEN'S WEARHOUSE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended
January 29, 2005, January 28, 2006 and February 3, 2007
(In thousands)

	Fiscal Year		
	2004	2005	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 71,356	$ 103,903	$ 148,575
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	53,319	61,874	61,387
Tuxedo rental product amortization	8,863	15,341	16,858
Loss on disposition of assets	—	—	1,365
Loss on impairment of assets	2,169	—	—
Write-off of deferred financing costs	—	—	1,263
Deferred rent expense	(1,495)	(2,672)	2,021
Stock-based compensation	122	2,906	6,965
Deferred tax provision (benefit)	5,222	2,983	(1,470)
Increase in accounts receivable	(1,116)	(209)	(223)
Increase in inventories	(13,709)	(5,994)	(33,844)
Increase in tuxedo rental product	(19,834)	(30,555)	(22,346)
(Increase) decrease in other assets	(2,911)	606	(3,374)
Increase (decrease) in accounts payable and accrued expenses	28,060	(725)	(18,112)
Increase (decrease) in income taxes payable	(903)	6,987	448
Increase in other liabilities	836	116	1,281
Net cash provided by operating activities	129,979	154,561	160,794
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(85,392)	(66,499)	(72,904)
Net assets acquired	(11,000)	—	—
Purchases of available-for-sale investments	—	(106,850)	(279,120)
Proceeds from sales of available-for-sale investments	—	44,075	341,895
Investment in trademarks, tradenames and other assets	(556)	(141)	(1,506)
Net cash used in investing activities	(96,948)	(129,415)	(11,635)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	10,876	24,262	10,823
Bank borrowings	—	71,695	—
Principal payments on debt	(1,000)	—	(130,000)
Deferred financing costs	(276)	(556)	(330)
Cash dividends paid	—	—	(10,830)
Tax payments related to vested deferred stock units	—	—	(677)
Excess tax benefits from stock-based compensation	—	—	3,059
Purchase of treasury stock	(11,186)	(90,280)	(40,289)
Net cash provided by (used in) financing activities	(1,586)	5,121	(168,244)
Effect of exchange rate changes	1,417	4,951	(1,447)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,862	35,218	(20,532)
Balance at beginning of period	132,146	165,008	200,226
Balance at end of period	$165,008	$ 200,226	$ 179,694
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 4,671	$ 4,600	$ 8,117
Income taxes	$ 38,820	$ 50,105	$ 75,501
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Cash dividends declared	$ —	$ 2,653	$ 2,717
Additional capital in excess of par resulting from tax benefit related to stock-based plans	$ 1,768	$ 9,646	$ 4,800
Additional capital in excess of par resulting from tax benefit related to conversion of debt to common stock	$ —	$ —	$ 8,318
Treasury stock contributed to employee stock plan	$ 1,000	$ 1,500	$ 2,000
Capital expenditure purchases accrued in accounts payable and accrued expenses	$ —	$ —	$ 10,220

The accompanying notes are an integral part of these consolidated financial statements.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended
January 29, 2005, January 28, 2006 and February 3, 2007

1. Summary of Significant Accounting Policies

Organization and Business — The Men's Wearhouse, Inc. and its subsidiaries (the "Company") is a specialty retailer of menswear. We operate throughout the United States primarily under the brand names of Men's Wearhouse and K&G and under the brand name of Moores in Canada. We follow the standard fiscal year of the retail industry, which is a 52-week or 53-week period ending on the Saturday closest to January 31. Fiscal year 2004 ended on January 29, 2005, fiscal year 2005 ended on January 28, 2006 and fiscal year 2006 ended on February 3, 2007. Fiscal years 2004 and 2005 included 52 weeks and fiscal 2006 included 53 weeks.

Certain previously reported amounts have been reclassified to conform to the current period presentation. Stock-based compensation and tuxedo rental product assets and amortization have been reclassified on the consolidated statement of cash flows for fiscal year 2004 and 2005 to conform to the current period's presentation. Approximately $2.4 million has been reclassified from accounts receivable to other current assets on the consolidated balance sheet for the period ended January 29, 2006 to conform to the current period's presentation. In addition, tuxedo rental product assets have been reclassified from other assets on the consolidated balance sheet as of January 29, 2006.

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 test concept stores and, as of June 30, 2005, all six of the stores had been closed. Net operating losses from these stores reduced diluted earnings per share by $0.05 and $0.11 for fiscal 2004 and 2005, respectively.

Principles of Consolidation — The consolidated financial statements include the accounts of The Men's Wearhouse, Inc. and its wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our most significant estimates and assumptions, as discussed in "Critical Accounting Estimates" under Item 7 elsewhere herein, are those relating to inventories and long-lived assets, including goodwill, our estimated liabilities for self-insured portions of our workers' compensation and employee health benefit costs, our estimates relating to income taxes and our operating lease accounting.

Cash and Cash Equivalents — Cash and cash equivalents includes all cash in banks, cash on hand and all highly liquid investments with an original maturity of three months or less. 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.

Short-term Investments — Short-term investments consist of Auction Rate Securities ("ARS"), which represent funds available for current operations. In accordance with the Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115"), these short-term investments are classified as available-for-sale and are carried at cost, or par value which approximates the fair market value. These securities have stated maturities beyond three months but are priced and traded as short-term instruments due to the liquidity provided through the interest rate mechanism of 7 to 35 days.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounts Receivable — Accounts receivable consists of our receivables from third-party credit card providers and other trade receivables, net of an allowance for uncollectible accounts of $0.3 million and $0.2 million in fiscal 2005 and 2006, respectively. Collectibility is reviewed regularly and the allowance is adjusted as necessary.

Inventories — Inventories are valued at the lower of cost or market, with cost determined on the average cost method and the retail cost method. Inventory cost includes buying and distribution costs (merchandising, freight, hangers and warehousing costs) associated with ending inventory.

Property and Equipment — Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the related allowances for depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Buildings are depreciated using the straight-line method over their estimated useful lives of 20 to 25 years. Depreciation of leasehold improvements is computed on the straight-line method over the term of the lease, which is generally five to ten years based on the initial lease term plus first renewal option periods that are reasonably assured, or the useful life of the assets, whichever is shorter. Furniture, fixtures and equipment are depreciated using primarily the straight-line method over their estimated useful lives of three to 25 years.

Tuxedo Rental Product — Tuxedo rental product is amortized to cost of sales based on the cost of each unit rented. The cost of each unit rented is estimated based on the number of times the unit is expected to be rented and the average cost of the rental product. An estimate for lost and damaged rental product is also charged to cost of sales. Tuxedo rental product is amortized to expense generally over a two to three year period. Amortization expense was $8.9 million, $15.3 million and $16.9 million for fiscal 2004, 2005 and 2006, respectively.

Goodwill and Other Assets — Intangible assets are initially recorded at their fair values. Identifiable intangible assets with finite useful lives are amortized to expense over the estimated useful life of the asset. Trademarks, tradenames and other intangibles are amortized over estimated useful lives of 3 to 17 years using the straight-line method. Identifiable intangible assets with an indefinite useful life, including goodwill, are evaluated annually in the fourth quarter, or more frequently if circumstances dictate, for impairment by comparison of their carrying amounts with the fair value of the individual assets. No impairment was identified in fiscal 2004, 2005 or 2006.

Impairment of Long-Lived Assets — We evaluate the carrying value of long-lived assets, such as property and equipment and amortizable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined, based on estimated undiscounted future cash flows, that an impairment has occurred, a loss is recognized currently for the impairment.

Fair Value of Financial Instruments — As of January 28, 2006 and February 3, 2007, management estimates that the fair value of cash and cash equivalents, receivables, accounts payable and accrued expenses are carried at amounts that reasonably approximate their fair value.

Revenue Recognition — Clothing product revenue is recognized at the time of sale and delivery of merchandise, net of actual sales returns and a provision for estimated sales returns, and excludes sales taxes. Revenues from tuxedo rental, alteration and other services are recognized upon completion of the services. Proceeds from the sale of gift cards are recorded as a liability and are recognized as revenues when the cards are redeemed. We do not recognize revenue from unredeemed gift cards as these amounts are reflected as a liability until escheated in accordance with applicable laws.

Loyalty Program — We maintain a customer loyalty program in our Men's Wearhouse and Moores stores in which customers receive points for purchases. Points are equivalent to dollars spent on a one-to-one basis, excluding any sales tax dollars. Upon reaching 500 points, customers are issued a $50 rewards certificate which they may redeem for purchases at our Men's Wearhouse or Moores stores. Generally, reward certificates earned must be redeemed no later than six months from the date of issuance. We accrue the estimated costs of the anticipated certificate redemptions when the certificates are issued and charge such costs to cost of goods sold. Redeemed certificates are recorded as markdowns when redeemed and no revenue is recognized for the redeemed certificate amounts. The estimate of costs associated with the loyalty program requires us to make assumptions related to the cost of product or services to be provided to customers when the certificates are redeemed as well as redemption rates.

Vendor Allowances — Vendor allowances received are recognized as a reduction of the cost of the merchandise purchased.

Shipping and Handling Costs — All shipping and handling costs for product sold are recognized as cost of goods sold.

Operating Leases — Operating leases relate primarily to stores and generally contain rent escalation clauses, rent holidays, contingent rent provisions and occasionally leasehold incentives. Rent expense for operating leases is recognized on a straight-line basis over the term of the lease, which is generally five to ten years based on the initial lease term plus first renewal option periods that are reasonably assured. Rent expense for stores is included in cost of sales as a part of occupancy cost and other rent is included in selling general and administrative expenses. The lease terms commence when we take possession with the right to control use of the leased premises and, for stores, is generally 60 days prior to the date rent payments begin. Prior to fiscal 2006, we capitalized rent amounts allocated to the construction period for leased properties as leasehold improvements. In fiscal 2006, we adopted Financial Accounting Standards Board ("FASB") Staff Position ("FSP") No. FAS 13-1 ("FSP 13-1"), "Accounting for Rental Costs Incurred during a Construction Period," which requires that rental costs associated with ground or building operating leases that are incurred during a construction period be recognized as rental expense. The impact of the adoption of FSP 13-1 for fiscal 2006 was approximately $2.2 million of additional expense.

Deferred rent that results from recognition of rent expense on a straight-line basis is included in other liabilities. 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. Contingent rentals are generally based on percentages of sales and are recognized as store rent expense as they accrue.

Advertising — Advertising costs are expensed as incurred or, in the case of media production costs, when the commercial first airs. Advertising expenses were $60.5 million, $61.5 million and $67.3 million in fiscal 2004, 2005 and 2006, respectively.

New Store Costs — Promotion and other costs associated with the opening of new stores are expensed as incurred.

Store Closures and Relocations — Costs associated with store closures or relocations are charged to expense when the liability is incurred. When we close or relocate a store, we record a liability for the present value of estimated unrecoverable cost, which is substantially made up of the remaining net lease obligation.

Stock-Based Compensation — On January 29, 2006, we adopted Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), which 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 is measured based on the grant-date fair value of the instrument issued and is recognized over the vesting period.

Prior to the adoption of SFAS 123R, we accounted for share-based awards to employees and directors using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") as allowed under SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123R replaces SFAS 123 and supersedes APB 25. We adopted SFAS 123R using the modified prospective transition method; therefore, results from prior periods have not been restated. Under this transition method, stock-based compensation expense recognized in fiscal 2006 includes: (i) compensation expense for share-based payment awards granted prior to, but not yet vested at, January 29, 2006, based on the grant date fair value

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

estimated in accordance with the original provisions of SFAS 123; and (ii) compensation expense for the share-based payment awards granted subsequent to January 29, 2006, based on the grant-date fair values estimated in accordance with the provisions of SFAS 123R. Stock-based compensation expense recognized under SFAS 123R for fiscal 2006 was $7.0 million, which primarily related to stock options and deferred stock units. Stock-based compensation expense for fiscal 2004 and 2005 was $0.1 million and $2.9 million, respectively, which primarily related to deferred stock units.

SFAS 123R requires companies to estimate the fair value of share-based payments on the grant-date using an option pricing model. Under SFAS 123, we used the Black-Scholes option pricing model for valuation of share-based awards for our pro forma information. Upon adoption of SFAS 123R, we elected to continue to use the Black-Scholes option pricing model for valuing awards. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period.

Prior to the adoption of SFAS 123R, we presented all tax benefits resulting from the exercise of stock-based compensation awards as operating cash flows in the Consolidated Statement of Cash Flows. SFAS 123R requires the benefits of tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows. For fiscal 2006, excess tax benefits realized from the exercise of stock-based compensation awards was $3.1 million. The exercise of stock-based compensation awards resulted in a tax benefit to us of $1.8 million, $9.6 million and $4.8 million for fiscal 2004, 2005 and 2006, respectively, which has been recognized as capital in excess of par.

Had we elected to apply the accounting standards of SFAS 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148") in 2004 and 2005, our net earnings and net earnings per share would have been approximately the pro forma amounts indicated below (in thousands, except per share data):

	Fiscal Year	
	2004	2005
Net earnings, as reported	$71,356	$103,903
Add: Stock-based compensation, net of tax included in reported net earnings	77	1,894
Deduct: Stock-based compensation, net of tax determined under fair-value based method	(3,017)	(4,663)
Pro forma net earnings	$68,416	$101,134
Net earnings per share:		
As reported:		
Basic	$ 1.32	$ 1.93
Diluted	$ 1.29	$ 1.88
Pro forma:		
Basic	$ 1.27	$ 1.88
Diluted	$ 1.24	$ 1.83

Refer to Note 6 for additional disclosures regarding stock-based compensation.

Stock Dividend — On June 13, 2005, we effected a three-for-two stock split by paying a 50% stock dividend to shareholders of record as of May 31, 2005.

Derivative Financial Instruments — We enter into foreign currency forward exchange contracts to hedge against foreign exchange risks associated with certain firmly committed, and certain other probable, but not firmly committed, inventory purchase transactions that are denominated in a foreign currency (primarily the Euro). Gains and losses associated with these contracts are accounted for as part of the underlying inventory purchase transactions. These contracts have been accounted for in accordance with Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), as amended. The disclosures required by SFAS No. 133 are included in Note 8.

Foreign Currency Translation — Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rates in effect at each balance sheet date. Shareholders' equity is translated at applicable historical exchange rates. Income, expense and cash flow items are translated at average exchange rates during the year. Resulting translation adjustments are reported as a separate component of shareholders' equity.

Comprehensive Income — Comprehensive income includes all changes in equity during the period presented that result from transactions and other economic events other than transactions with shareholders.

Segment Information — We consider our business as one operating segment based on the similar economic characteristics of our three brands. Revenues of Canadian retail operations were $174.9 million, $193.5 million and $228.5 million for fiscal 2004, 2005 and 2006, respectively. Long-lived assets of our Canadian operations were $81.8 million and $77.2 million as of the end of fiscal 2005 and 2006, respectively.

Accounting for Inventory Costs — 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. The adoption of SFAS No. 151 did not have a material impact on our financial position, results of operations or cash flows.

Accounting for the Foreign Earnings Repatriation Provision — In December 2004, the FASB issued FASB Staff Position ("FSP") No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2"). FSP 109-2 provides guidance under FASB Statement No. 109, "Accounting for Income Taxes," with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 ("Jobs Creation Act") on enterprises' income tax expense and deferred tax liability. The Jobs Creation Act provided a one-time 85% dividends received deduction for certain foreign earnings that were repatriated under a plan for reinvestment in the United States, provided certain criteria were met. During the fourth quarter of 2005, we completed our evaluation and repatriated US$74.7 million of foreign earnings from our Canadian subsidiaries. As a result of this repatriation, we recorded an additional $3.9 million in income tax expenses, which reduced our 2005 diluted earnings per share by $0.07.

Accounting for Conditional Asset Retirement Obligations — 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. The adoption of FIN 47 did not have a material impact on our financial position, results of operations or cash flows.

Accounting Changes and Error Corrections — In May 2005, the FASB issued Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections — A Replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS No. 154"). SFAS No. 154 requires retrospective application to prior periods' financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 did not have a material impact on our financial position, results of operations or cash flows.

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Determining the Amortization Period of Leasehold Improvements — In June 2005, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 05-06, "Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination" ("EITF 05-06"). The guidance requires that leasehold improvements acquired in a business combination or purchased subsequent to the inception of a lease be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date of the business combination or purchase. The guidance is effective for periods beginning after June 29, 2005. The adoption of EITF 05-06 did not have a material impact on our financial position, results of operations or cash flows.

Recently Issued Accounting Prouncements — In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a Company's financial statements in accordance with FASB No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption are to be accounted for as an adjustment to the beginning balance of retained earnings. FIN 48 is effective as of the beginning of fiscal years that begin after December 15, 2006. We will adopt FIN 48 in the first quarter of fiscal 2007. We are currently evaluating the impact that the adoption of FIN 48 will have on our financial position, results of operations and cash flows.

In June 2006, the EITF ratified its conclusion on EITF Issue No. 06-02 "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43," "Accounting for Compensated Absences" ("EITF 06-02"). EITF 06-02 requires that compensation expense associated with a sabbatical leave, or other similar benefit arrangement, be accrued over the requisite service period during which an employee earns the benefit. EITF 06-02 is effective for fiscal years beginning after December 15, 2006 and should be recognized as either a change in accounting principle through a cumulative effect adjustment to retained earnings as of the beginning of the year of adoption or a change in accounting principle through retrospective application to all prior periods. We will adopt EITF 06-02 in the first quarter of fiscal 2007. We are currently evaluating the impact that the adoption of EITF 06-02 will have on our financial position, results of operations and cash flows.

In June 2006, the EITF ratified its conclusion on EITF No. 06-03, "How Taxes Collected From Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)," ("EITF 06-03"). EITF 06-03 concluded that the presentation of taxes assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer such as sales, use, value added and certain excise taxes is an accounting policy decision that should be disclosed in a Company's financial statements. Additionally, companies that record such taxes on a gross basis should disclose the amounts of those taxes in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant. EITF 06-03 is effective for fiscal years beginning after December 15, 2006. The adoption of EITF 06-03 will have no effect on our financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). This statement defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The statement applies whenever other statements require or permit assets or liabilities to be measured at fair value. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS 157 will have on our financial position, results of operations and cash flows.

In September 2006, the SEC issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance regarding the consideration given to prior year misstatements when determining materiality in current year financial statements. SAB 108 is effective for fiscal years ending after

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

November 15, 2006. The adoption of SAB 108 did not have a material impact on our financial position, results of operations and cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115," ("SFAS 159"). SFAS 159 provides companies with an option to measure certain financial instruments and other items at fair value with changes in fair value reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS 159 will have on our financial position, results of operations and cash flows.

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. Our convertible debt was redeemed, at our election during the fourth quarter of 2006. Refer to Note 3 of Notes to Consolidated Financial Statements. The following table reconciles basic and diluted weighted average common shares outstanding and the related net earnings per share (in thousands, except per share amounts):

	Fiscal Year		
	2004	2005	2006
Net earnings	$71,356	$103,903	$148,575
Basic weighted average common shares outstanding	54,044	53,753	53,111
Effect of dilutive securities:			
Convertible notes	—	266	855
Stock options and equity-based compensation	1,176	1,346	783
Diluted weighted average common shares outstanding	55,220	55,365	54,749
Net earnings per share:			
Basic	$ 1.32	$ 1.93	$ 2.80
Diluted	$ 1.29	$ 1.88	$ 2.71

3. Long-Term Debt

On December 21, 2005, we entered into an Amended and Restated Credit Agreement (the "Credit Agreement") with a group of banks to amend and restate our revolving credit facility. On February 2, 2007, we entered into an Agreement and Amendment to the Credit Agreement effective as of January 31, 2007 (the "Amendment"). The Amendment (i) extends the maturity date of the revolving credit facility under the Credit Agreement to February 11, 2012 and (ii) increases the total senior secured revolving credit facility under the Credit Agreement from $100.0 million to $200.0 million, which can be expanded to $250.0 million upon additional lender commitments. The Credit Agreement also provided our Canadian subsidiaries with a senior secured term loan used to fund the repatriation of US$74.7 million of Canadian earnings in January 2006 under the American Jobs Creation Act of 2004. The Canadian term loan matures on February 10, 2011. The Credit Agreement is secured by the stock of certain of the Company's subsidiaries. The Credit Agreement has several borrowing and interest rate options including the following indices: (i) an alternate base rate (equal to the greater of the prime rate or the federal funds rate plus 0.5%) or (ii) LIBO rate or (iii) CDO rate. Advances under the Credit Agreement bear interest at a rate per annum using the applicable indices plus a varying interest rate margin up to 1.125%. The Credit Agreement also provides for fees applicable to unused commitments ranging from 0.100% to 0.175%. The effective interest rate for the Canadian term loan was 5.0% at February 3, 2007. As of February 3, 2007, there were no borrowings outstanding under the revolving credit facility and there was US$73.0 million outstanding under the Canadian term loan.

The Credit Agreement contains certain restrictive and financial covenants, including the requirement to maintain certain financial ratios. The restrictive provisions in the Credit Agreement have been modified to afford us with greater operating flexibility than was provided for in our previous facility and to reflect an overall covenant structure that is generally representative of a commercial loan made to an investment-grade company. Our debt, however, is not rated, and we have not sought, and are not seeking, a rating of our debt. We were in compliance with the covenants in the Credit Agreement as of February 3, 2007.

On October 21, 2003, we issued $130.0 million of 3.125% Convertible Senior Notes due 2023 ("Notes") in a private placement. Interest on the Notes was payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2004. The Notes were scheduled to mature on October 15, 2023. However, we had the right to redeem the Notes between October 20, 2006 and October 19, 2008 if the price of our common stock reached certain levels.

During certain periods, the Notes were convertible by holders into shares of our common stock at a conversion rate of 35.1309 shares of common stock per $1,000 principal amount of Notes, which was equivalent to a conversion price of $28.47 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 exceeded 120% of the conversion price under specified conditions; (2) if we called 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 could, 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 were 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 were effectively subordinated to all of our senior secured indebtedness and all indebtedness and liabilities of our subsidiaries.

On November 16, 2006, we issued a press release announcing that, as a result of the closing sale price of the Company's common stock exceeding 140% of the conversion price for the requisite number of days during the requisite period, we had elected to redeem the full $130.0 million aggregate principal amount of the Notes. Holders of the Notes had the right to convert their notes at any time prior to two business days immediately preceding the redemption date. As indicated above, we had irrevocably elected to settle the principal amount at issuance of the Notes in cash when and if surrendered for conversion. Under the terms governing the Notes, holders of approximately $127.0 million principal amount of the Notes exercised their conversion right in lieu of having their notes redeemed and we exercised our right to pay cash for the principal amount of the Notes converted in lieu of issuing common stock. The market value of the common stock to be issued upon conversion that exceeded the principal amount was paid by delivering common stock. As a result, we paid approximately $127.0 million in cash and issued 1,222,364 shares of the Company's common stock pursuant to the requested conversions. The remaining $3.0 million principal amount of the Notes was redeemed on December 15, 2006 with such payment and accrued and unpaid interest being made in cash. Notes converted into common stock prior to the redemption date were not entitled to receive accrued and unpaid interest. In connection with the conversion and redemption of the Notes, we paid approximately $130.1 million in cash, issued 1,222,364 shares of the Company's common stock and wrote-off approximately $1.3 million of unamortized deferred financing costs.

We utilize letters of credit primarily to secure inventory purchases. At February 3, 2007, letters of credit totaling approximately $19.0 million were issued and outstanding.

4. Income Taxes

The provision for income taxes consists of the following (in thousands):

	Fiscal Year		
	2004	2005	2006
Current tax expense:			
Federal	$27,067	$46,050	$61,487
State	2,078	3,567	5,447
Foreign	7,992	6,185	10,469
Deferred tax expense (benefit):			
Federal and state	3,333	1,206	(1,804)
Foreign	1,889	1,777	334
Total	$42,359	$58,785	$75,933

No provision for U.S. income taxes or Canadian withholding taxes has been made on the cumulative undistributed earnings of Moores (approximately $94.5 million at February 3, 2007). The potential deferred tax liability associated with these earnings, net of foreign tax credits associated with the earnings, is estimated to be $13.0 million.

In December 2004, the FASB issued FSP No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004". The Jobs Creation Act provides a one-time 85% dividends received deduction for certain foreign earnings that are repatriated under a plan for reinvestment in the United States, provided certain criteria are met. During the fourth quarter of 2005, we repatriated US$74.7 million of foreign earnings from our Canadian subsidiaries under the provisions of the Jobs Creation Act. As a result of this repatriation, we recorded an additional $3.9 million in income tax expenses, which reduced our 2005 diluted earnings per share by $0.07. The 2005 income tax provision also includes a $2.3 million reduction of previously recorded tax accruals due to developments associated with certain tax audits and a $2.0 million reduction in previously recorded tax accruals associated with favorable developments on certain outstanding income tax matters. The 2006 income tax provision includes a $5.2 million reduction of previously recorded tax accruals due to favorable developments associated with certain tax audits.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a Company's financial statements in accordance with FASB No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption are to be accounted for as an adjustment to the beginning balance of retained earnings. FIN 48 is effective as of the beginning of fiscal years that begin after December 15, 2006. We will adopt FIN 48 in the first quarter of fiscal 2007. We are currently evaluating the impact that the adoption of FIN 48 will have on our financial position, results of operations and cash flows.

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A reconciliation of the statutory federal income tax rate to our effective tax rate is as follows:

	Fiscal Year		
	2004	2005	2006
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	1.7	2.7	2.7
Taxes from earnings repatriation under the Jobs Creation Act	—	2.4	—
Reversal of tax accruals	—	(2.7)	(2.3)
Foreign tax rate differential and other	0.6	(1.3)	(1.6)
	37.3%	36.1%	33.8%

At January 28, 2006, we had net deferred tax liabilities of $13.1 million with $11.3 million classified as other current assets and $24.4 million classified as other liabilities (noncurrent). At February 3, 2007, we had net deferred tax liabilities of $3.2 million with $9.0 million classified as other current assets and $12.2 million classified as other liabilities (noncurrent).

Total deferred tax assets and liabilities and the related temporary differences as of January 28, 2006 and February 3, 2007 were as follows (in thousands):

	January 28, 2006	February 3, 2007
Deferred tax assets:		
Accrued rent and other expenses	$ 14,912	$ 17,207
Accrued compensation	4,185	5,831
Accrued inventory markdowns	1,387	1,766
Deferred intercompany profits	4,196	4,889
Unused state operating loss carryforwards	491	—
Unused foreign tax credits	—	222
Other	322	—
	25,493	29,915
Deferred tax liabilities:		
Capitalized inventory costs	(6,336)	(7,631)
Property and equipment	(23,041)	(21,108)
Intangibles	(3,265)	(4,157)
Deferred interest	(5,911)	—
Other	—	(226)
	(38,553)	(33,122)
Net deferred tax liabilities	$ (13,060)	$ (3,207)

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Other Assets and Accrued Expenses

Other assets consist of the following (in thousands):

	January 28, 2006	February 3, 2007
Trademarks, tradenames and other intangibles	$ 9,733	$ 9,316
Accumulated amortization	(4,261)	(4,418)
	5,472	4,898
Deposits and other	8,442	7,153
Total other assets	$ 13,914	$ 12,051
Accrued expenses consist of the following (in thousands):		
Accrued salary, bonus and vacation	$ 29,707	$ 31,323
Sales, payroll and property taxes payable	12,343	14,581
Unredeemed gift certificates	19,404	19,791
Accrued workers compensation and medical costs	8,873	9,387
Other	21,608	20,167
Total	$ 91,935	$ 95,249

6. Capital Stock, Stock Options and Benefit Plans

Dividends

On June 13, 2005, we effected a three-for-two stock split by paying a 50% stock dividend to shareholders of record as of May 31, 2005.

Cash dividends paid were approximately $10.8 million during the fiscal year ended February 3, 2007. The quarterly cash dividends per share for fiscal 2006 are presented below:

First quarter ended April 29, 2006	$0.05
Second quarter ended July 29, 2006	$0.05
Third quarter ended October 28, 2006	$0.05
Fourth quarter ended February 3, 2007	$0.05

In January 2007, our Board of Directors declared a quarterly cash dividend of $0.05 per share of our common stock payable on March 30, 2007 to shareholders of record on March 20, 2007. The dividend payout is approximately $2.7 million and is included in accrued expenses as of February 3, 2007.

In March 2007, our Board of Directors declared a quarterly cash dividend of $0.06 per share payable on July 6, 2007 to shareholders of record at the close of business on June 27, 2007.

Stock Repurchase Program

In September 2003, the Board of Directors authorized a program for the repurchase of up to $100.0 million of our common stock in the open market or in private transactions. As of January 29, 2005, we had repurchased under the September 2003 program 2,108,100 shares at a cost of $42.4 million in private transactions and 3,054,600 shares at a cost of $51.4 million in open market transactions, for a total of 5,162,700 shares at an average price per share of $18.17. During fiscal 2004, a total of 484,500 shares at a cost of $8.7 million were repurchased under this program at an average price per share of $17.96.

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 approximately $6.2 million we had remaining under the September 2003 authorization. As of January 29, 2005, a total of 149,100 shares at a cost of $2.5 million were repurchased in open market transactions under this program at an average price per share of $16.66. Under all authorized programs during fiscal 2004, we repurchased 633,600 shares of our common stock at a cost of $11.2 million, with an average repurchase price of $17.65 per share. As of January 28, 2006, we had repurchased under the June 2004 program 1,652,850 shares at a cost of $43.0 million in open market transactions at an average price per share of $26.00.

In May 2005, the Board of Directors approved a replenishment of our 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. As of January 28, 2006, a total of 1,696,000 shares at a cost of $49.8 million were repurchased in open market transactions under this program at an average price per share of $29.36. On January 25, 2006, the Board of Directors authorized a new $100.0 million share repurchase program of our common stock. This authorization superceded the approximately $0.2 million we had remaining under the May 2005 authorization. No shares were repurchased under this program as of January 28, 2006.

During fiscal 2005, a total of 3,199,750 shares at a cost of $90.3 million were repurchased in open market transactions under all authorized programs at an average price per share of $28.21.

The following table shows activity under the January 2006 treasury stock repurchase program during fiscal 2006 (in thousands, except share data and average price per share):

	Shares	Cost	Average Price Per Share
Repurchases under the program in open market transactions	1,134,000	$40,289	$ 35.53
Total shares repurchased during fiscal 2006	1,134,000	$40,289	$ 35.53

The remaining balance available under the January 2006 authorization at February 3, 2007 is $59.7 million.

A reconciliation of our treasury shares for the past three fiscal years is provided below:

	Treasury Shares
Balance, January 31, 2004	10,469,135
Treasury stock issued to profit sharing plan	(65,616)
Purchases of treasury stock	633,600
Balance, January 29, 2005	11,037,119
Treasury stock issued to profit sharing plan	(67,628)
Purchases of treasury stock	3,199,750
Balance, January 28, 2006	14,169,241
Treasury stock issued to profit sharing plan	(68,564)
Purchases of treasury stock	1,134,000
Balance, February 3, 2007	15,234,677

Preferred Stock

Our Board of Directors is authorized to issue up to 2,000,000 shares of preferred stock and to determine the dividend rights and terms, redemption rights and terms, liquidation preferences, conversion rights, voting rights and sinking fund provisions of those shares without any further vote or act by the company shareholders. There was no issued preferred stock as of January 28, 2006 and February 3, 2007.

Stock Plans

We have adopted the 1996 Long-Term Incentive Plan (formerly known as the 1996 Stock Option Plan) ("1996 Plan") which, as amended, provides for an aggregate of up to 2,775,000 shares of our common stock (or the fair market value there of) with respect to which stock options, stock appreciation rights, restricted stock, deferred stock units and performance based awards may be granted to full-time key employees (excluding certain officers); the 1998 Key Employee Stock Option Plan ("1998 Plan") which, as amended, provides for the grant of options to purchase up to 3,150,000 shares of our common stock to full-time key employees (excluding certain officers); and the 2004 Long-Term Incentive Plan which provides for an aggregate of up to 900,000 shares of our common stock (or the fair market value there of) with respect to which stock options, stock appreciation rights, restricted stock, deferred stock units and performance based awards may be granted to full-time key employees. Each of the plans will expire at the end of ten years following the effective date of such plan; no awards may be granted pursuant to the plans after the expiration date. The 1996 Plan will expire March 29, 2014, ten years following its amended and restated effective date. In fiscal 1992, we also adopted a Non-Employee Director Stock Option Plan ("Director Plan") which, as amended, provides for an aggregate of up to 251,250 shares of our common stock with respect to which stock options, stock appreciation rights or restricted stock awards may be granted to non-employee directors of the Company. In fiscal 2001, the Director Plan's termination date was extended to February 23, 2012. Options granted under these plans must be exercised within ten years of the date of grant.

Generally, options granted pursuant to the employee plans vest at the rate of 1/3 of the shares covered by the grant on each of the first three anniversaries of the date of grant. However, a significant portion of options granted under these Plans vest annually in varying increments over a period from one to ten years. Under the 1996 Plan and the 2004 Plan, options may not be issued at a price less than 100% of the fair market value of our stock on the date of grant. Under the 1996 Plan and the 2004 Plan, the vesting, transferability restrictions and other applicable provisions of any stock appreciation rights, restricted stock, deferred stock units or performance based awards will be determined by the Compensation Committee of the Company's Board of Directors. Options granted under the Director Plan vest one year after the date of grant and are issued at a price equal to the fair market value of our stock on the date of grant; provided, however, that the committee who administers the Director Plan may elect to grant stock appreciation rights, having such terms and conditions as the committee determines, in lieu of any option grant. Restricted stock awards granted under the Director Plan vest one year after the date of grant. Grants of deferred stock units generally vest over a three year period; however, certain grants vest annually at varying increments over a period up to seven years.

As of February 3, 2007, 1,652,034 shares were available for grant under existing plans and 3,599,752 shares of common stock were reserved for future issuance.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock Options

The following table is a summary of our stock option activity:

	Shares Under Option	Weighted-Average Exercise Price	Options Exercisable
Options outstanding, January 31, 2004	4,672,407	$ 13.84	2,166,741
Granted	367,500	$ 19.52	
Exercised	(734,342)	$ 13.28	
Forfeited	(172,783)	$ 12.29	
Options outstanding, January 29, 2005	4,132,782	$ 14.51	2,021,213
Granted	21,000	$ 31.54	
Exercised	(1,667,477)	$ 13.69	
Forfeited	(479,760)	$ 14.17	
Options outstanding, January 28, 2006	2,006,545	$ 15.58	935,516
Granted	16,500	$ 41.68	
Exercised	(573,689)	$ 15.86	
Forfeited	(15,340)	$ 11.85	
Options outstanding, February 3, 2007	1,434,016	$ 15.81	669,772

Grants of stock options outstanding as of February 3, 2007 are summarized as follows:

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value (000's)	Number Exercisable	Weighted-Average Exercise Price	Aggregate Intrinsic Value (000's)
$ 7.97 to 12.00	232,234	6.1 Years	$ 9.55	$ 7,959	82,983	$ 9.29	$ 2,866
12.00 to 15.00	536,447	5.2 Years	14.36	15,801	267,195	14.37	7,869
15.00 to 20.00	420,489	4.1 Years	16.22	11,604	281,742	16.31	7,752
20.00 to 25.00	197,994	7.7 Years	21.62	4,396	18,000	21.58	400
25.00 to 43.82	46,852	5.7 Years	35.25	402	19,852	32.98	215
$ 7.97 to 43.82	1,434,016	5.4 Years	$ 15.81	$ 40,162	669,772	$ 15.30	$ 19,102

During fiscal 2004, 2005 and 2006, 367,500, 21,000 and 16,500 stock options were granted, respectively, at a weighted-average fair value of $15.82, $16.41, and $17.72, respectively. The fair value of options is estimated on the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions were used for option grants for each respective period:

	Fiscal Year		
	2004	2005	2006
Risk-free interest rates	3.55%	4.09%	4.74%
Expected lives	6 years	6 years	5 years
Dividend yield	0%	0%	0.58%
Expected volatility	50.93%	48.24%	42.68%

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The expected volatility is based on historical volatility of our common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected term represents the period of time the options are expected to be outstanding after their grant date. The dividend yield is based on the average of the annual dividend divided by the market price of our common stock at the time of declaration. The total intrinsic value of options exercised during fiscal 2004, 2005 and 2006 was $5.3 million, $26.2 million and $12.4 million, respectively. As of February 3, 2007, we have unrecognized compensation expense related to nonvested stock options of approximately $3.4 million which is expected to be recognized over a weighted average period of 2.5 years.

Restricted Stock and Deferred Stock Units

The following table is a summary of our restricted stock and deferred stock unit activity:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 31, 2004	6,000	$ 15.53
Granted	12,000	$ 20.62
Vested	(6,000)	$ 15.53
Forfeited	—	$ —
Nonvested at January 29, 2005	12,000	$ 20.62
Granted	530,960	$ 28.33
Vested	(12,000)	$ 20.62
Forfeited	(18,072)	$ 27.77
Nonvested at January 28, 2006	512,888	$ 28.35
Granted	92,252	$ 36.14
Vested(1)	(76,985)	$ 28.69
Forfeited	(14,453)	$ 28.16
Nonvested at February 3, 2007	513,702	$ 28.69

(1) Includes 19,164 shares relinquished for tax payments related to the vested deferred stock units.

During fiscal 2004, 2005 and 2006, 12,000, 530,960, and 92,252 restricted and deferred stock units, respectively, were granted at a weighted-average grant date fair value of $20.62, $28.33, and $36.14, respectively. As of February 3, 2007, we have unrecognized compensation expense related to nonvested restricted stock and deferred stock units of approximately $9.2 million which is expected to be recognized over a weighted average period of 2.1 years. The total fair value of shares vested during fiscal 2004, 2005 and 2006 was $0.1 million, $0.4 million and $2.8 million, respectively. At February 3, 2007, there were total nonvested shares of 513,702, including 105,800 nonvested restricted shares.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the nonvested restricted shares is provided below:

Nonvested Restricted Shares	Shares
Nonvested at January 31, 2004	6,000
Granted	12,000
Vested	(6,000)
Forfeited	—
Nonvested at January 29, 2005	12,000
Granted	105,800
Vested	(12,000)
Forfeited	—
Nonvested at January 28, 2006	105,800
Granted	9,000
Vested	(9,000)
Forfeited	—
Nonvested at February 3, 2007	105,800

During fiscal 2004, 2005 and 2006, 12,000, 9,000 and 9,000 restricted stock shares, respectively, were granted to our outside directors under the Director Plan at an average grant price of $20.62, $34.64 and $43.82 per share, respectively.

On November 11, 2005, we entered into a Second Amended and Restated Employment Agreement ("Agreement") with David H. Edwab, Vice Chairman of the Company. Simultaneously with the execution of this Agreement, we granted to Mr. Edwab 96,800 shares of restricted stock under the 1996 Long-Term Incentive Plan at a grant price per share of $30.00, which vest in equal numbers over a five-year period beginning on February 6, 2007. In exchange for the issuance of the restricted shares, options to purchase 165,000 shares of our common stock which were held by Mr. Edwab were cancelled.

Employee Profit Sharing and Stock Purchase Plans

We have an employee stock ownership plan, which is a stock bonus plan, and an employee tax-deferred savings plan, which is a profit sharing plan. Both plans cover all eligible employees. Contributions to the employee stock ownership plan are made at the discretion of the Board of Directors. Employer matching contributions to the profit sharing plan are made based on a formula set by the Board of Directors from time to time. During fiscal 2004, 2005 and 2006, contributions charged to operations were $2.2 million, $2.9 million and $3.5 million, respectively, for the plans.

In 1998, we adopted an Employee Stock Discount Plan ("ESDP") which allows employees to authorize after-tax payroll deductions to be used for the purchase of up to 2,137,500 shares of our common stock at 85% of the lesser of the fair market value on the first day of the offering period or the fair market value on the last day of the offering period. We make no contributions to this plan but pay all brokerage, service and other costs incurred. Effective for offering periods beginning July 1, 2002, the plan was amended so that a participant may not purchase more than 125 shares during any calendar quarter.

The fair value of ESDP shares is estimated using the Black-Scholes option pricing model in the quarter that the purchase occurs with the following weighted average assumptions for each respective period:

	Fiscal Year		
	2004	2005	2006
Risk-free interest rates	1.50%	3.33%	4.77%
Expected lives	0.25	0.25	0.25
Dividend yield	0%	0%	0.58%
Expected volatility	32.28%	31.43%	39.07%

During fiscal 2004, 2005 and 2006, employees purchased 73,817, 65,596 and 62,543 shares, respectively, under the ESDP, the weighted-average fair value of which was $15.18, $21.76 and $27.64 per share, respectively. We recognized approximately $0.7 million of stock-based compensation expense related to the ESDP for fiscal 2006. As of February 3, 2007, 1,530,616 shares were reserved for future issuance under the ESDP.

7. Goodwill and Other Intangible Assets

Changes in the net carrying amount of goodwill for the years ended January 28, 2006 and February 3, 2007 are as follows (in thousands):

Balance, January 29, 2005	$55,824
Translation adjustment	1,777
Balance, January 28, 2006	57,601
Translation adjustment	(734)
Balance, February 3, 2007	$56,867

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):

	January 28, 2006	February 3, 2007
Trademarks, tradenames and other intangibles	$ 9,733	$ 9,316
Accumulated amortization	(4,261)	(4,418)
Net total	$ 5,472	$ 4,898

The pretax amortization expense associated with intangible assets totaled approximately $857,000, $954,000 and $897,000 for fiscal 2004, 2005 and 2006, respectively. Pretax amortization expense associated with intangible assets at February 3, 2007 is estimated to be approximately $811,000 for each of the fiscal years 2007 and 2008, $794,000 for the fiscal year 2009, $551,000 for the fiscal year 2010 and $497,000 for the fiscal year 2011.

8. 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 practices include entering into foreign currency forward exchange contracts to minimize foreign currency exposure related to forecasted purchases of certain inventories. Under 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 (arising from the change in the difference between the spot rate and the forward rate) of a hedge is reported in earnings immediately. At January 28, 2006, we had three contracts maturing in varying increments to purchase an aggregate notional amount of $1.2 million in foreign currency, maturing at various dates through April 2006. At February 3, 2007, we had no contracts outstanding. During fiscal

2005 and 2006, no pre-tax hedge ineffectiveness was recognized. During fiscal 2004, $60 thousand pre-tax hedge ineffectiveness was recognized.

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 year-end.

9. Related Party Transactions

On August 16, 2004, we purchased a store (land and building, which we had been leasing) in Dallas, Texas for $1.0 million from 8239 Preston Road, Inc., a Texas corporation of which George Zimmer, Chairman of the Board and CEO of the Company, James E. Zimmer, Senior Vice President-Merchandising of the Company, and Richard Goldman, a former officer and director of the Company, each owned 20% of the outstanding common stock, and Laurie Zimmer, sister of George and James E. Zimmer, owned 40% of the outstanding common stock.

On August 20, 2004, we purchased a 1980 Gulfstream III aircraft from Regal Aviation L.L.C. ("Regal Aviation") for $5.0 million. Regal Aviation operates a private air charter service and is a limited liability company of which George Zimmer owns 99%. In addition, on August 20, 2004, we entered into a leasing arrangement with Regal Aviation under which Regal Aviation operates, manages and markets the aircraft as well as provides the appropriate flight personnel and services. The aircraft is utilized to provide air transportation from time to time for George Zimmer and is leased to third parties for charter. On August 31, 2006, Regal Aviation sold substantially all of its assets to an unrelated third party who now provides us those services previously provided by Regal Aviation.

On October 15, 2004, we purchased a warehouse facility located in Houston, Texas (the "Facility") from Zig Zag for $0.7 million. Zig Zag is a Texas joint venture, in which Richard E. Goldman, George Zimmer and James E. Zimmer were the sole and equal joint venturers. Prior to the purchase of the Facility, we leased the Facility from Zig Zag.

Based on the results of appraisals and review of the terms of other Regal Aviation leasing arrangements with unrelated third parties, we believe that the terms of the aircraft purchase and leasing agreements and the terms of the store purchase and the Facility purchase were comparable to what would have been available to us from unaffiliated third parties at the time such agreements were entered into.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

10. Commitments and Contingencies

Lease commitments

We lease retail business locations, office and warehouse facilities, copier equipment and automotive equipment under various noncancelable capital and operating leases expiring in various years through 2027. Rent expense for operating leases for fiscal 2004, 2005 and 2006 was $95.7 million, $101.4 million and $112.9 million, respectively, and includes contingent rentals of $0.8 million, $0.6 million and $0.7 million, respectively. Minimum future rental payments under noncancelable capital and operating leases as of February 3, 2007 for each of the next five years and in the aggregate are as follows (in thousands):

Fiscal Year	Operating Leases	Capital Leases
2007	$113,917	$ 1,079
2008	105,529	943
2009	92,773	784
2010	76,426	611
2011	57,847	430
Thereafter	143,725	627
Total	$590,217	4,474
Amounts representing interest		(1,127)
Capital lease obligations		$ 3,347

Leases on retail business locations specify minimum rentals plus common area maintenance charges and possible additional rentals based upon percentages of sales. Most of the retail business location leases provide for renewal options at rates specified in the leases. In the normal course of business, these leases are generally renewed or replaced by other leases.

At February 3, 2007, the gross capitalized balance and the accumulated depreciation balance of our capital lease assets was $5.2 million and $2.1 million, respectively, resulting in a net capitalized value of $3.1 million. At January 28, 2006, the gross capitalized balance and the accumulated depreciation balance of our capital lease assets was $4.2 million and $2.0 million, respectively, resulting in a net capitalized value of $2.2 million. These assets are included in furniture, fixtures and equipment on the balance sheet. The deferred liability balance of these capital lease assets is included in deferred taxes and other liabilities on the balance sheet.

In March 2007, we entered into a three year transportation agreement, commencing April 2, 2007, with Ryder Integrated Logistics, Inc., to execute shipments from vendors to our distribution facilities in Houston, Texas, and from the distribution facilities to regional transportation hubs or stores within a regional service area. The transportation agreement terminated leasing agreements we had in place as of the end of fiscal 2006 for our long-haul tractors and trailers. As a result, our total future lease commitments will be reduced by approximately $0.3 million for operating leases and approximately $3.1 million for capital lease obligations.

Legal matters

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.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Supplemental Sales Information (in thousands)

	Fiscal Year		
	2004	2005	2006
Net sales:			
Men's tailored clothing product	$ 746,812	$ 809,601	$ 859,777
Men's non-tailored clothing product	580,621	644,836	705,734
Other clothing product	53,808	73,089	75,789
Total clothing product	1,381,241	1,527,526	1,641,300
Tuxedo rental	77,488	96,196	119,487
Alteration services	77,776	84,824	102,277
Retail dry cleaning services	10,174	16,352	19,000
Total tuxedo rental, alteration and other services	165,438	197,372	240,764
Total net sales	$1,546,679	$1,724,898	$1,882,064
Net sales by brand:			
MW	$1,043,473	$1,129,043	$1,216,226
K&G	314,948	384,216	418,291
Moores	174,906	193,496	228,547
Other	13,352	18,143	19,000
	$1,546,679	$1,724,898	$1,882,064

Other clothing product net sales consist primarily of ladies' clothing and corporate uniform sales.

12. Pending Acquisitions

On November 16, 2006, we entered into a definitive stock purchase agreement with Federated Department Stores, Inc. and David's Bridal, Inc. to acquire After Hours Formalwear, Inc. ("After Hours") for a cash consideration of $100.0 million, subject to certain adjustments. After Hours is the largest men's formalwear chain in the United States and operates 507 stores in 35 states under After Hours Formalwear and Mr. Tux store fronts. After Hours has an exclusive relationship with David's Bridal, Inc., the nation's largest bridal retailer with 269 stores and an online offering. That exclusivity will remain effective after the acquisition and will be extended to Men's Wearhouse and Moores store brands. The acquisition is conditioned upon, among other things, the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions. On March 23, 2007, we announced that the Federal Trade Commision had terminated its review and that we expect to close the acquisition on or before April 9, 2007.

THE MENS'S WEARHOUSE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. Quarterly Results of Operations (Unaudited)

Our quarterly results of operations reflect all adjustments, consisting only of normal, recurring adjustments, which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The consolidated results of operations by quarter for the 2005 and 2006 fiscal years are presented below (in thousands, except per share amounts):

	Fiscal 2005 Quarters Ended			
	April 30, 2005	July 30, 2005	October 29, 2005	January 28, 2006
Net sales	$411,649	$423,576	$ 392,695	$ 496,978
Gross margin	165,783	168,296	157,829	205,227
Net earnings	$ 22,704	$ 24,386	$ 24,079	$ 32,734
Net earnings per share:				
Basic	$ 0.42	$ 0.45	$ 0.45	$ 0.62
Diluted	$ 0.41	$ 0.43	$ 0.44	$ 0.60

	Fiscal 2006 Quarters Ended			
	April 29, 2006	July 29, 2006	October 28, 2006	February 3, 2007
Net sales	$434,564	$460,587	$ 430,068	$ 556,845
Gross margin	182,829	199,123	185,378	248,375
Net earnings	$ 28,856	$ 35,621	$ 31,774	$ 52,324
Net earnings per share:				
Basic	$ 0.54	$ 0.67	$ 0.60	$ 0.99
Diluted	$ 0.53	$ 0.65	$ 0.58	$ 0.95

Due to the method of calculating weighted average common shares outstanding, the sum of the quarterly per share amounts may not equal earnings per share for the respective years.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of our 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 period covered by this report. Based on this evaluation, the CEO and CFO have concluded that, as of the end of such period, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports filed or submitted under the Exchange Act, within the time periods specified in the SEC's rules and forms.

Internal Control over Financial Reporting

Management's Report on Internal Control Over Financial Reporting and the Attestation Report of the Registered Public Accounting Firm thereon appear on pages 30 and 31, respectively, of this Annual Report on Form 10-K. There were no changes in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2006 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

None

PART III

Item 10. ***Directors and Executive Officers of the Company***

Except as set forth below, the information required by this Item is incorporated herein by reference from our Proxy Statement for the Annual Meeting of Shareholders to be held June 13, 2007.

The Company has adopted a Code of Ethics for Senior Management which applies to the Company's Chief Executive Officer and all Presidents, Chief Financial Officers, Principal Accounting Officers, Executive Vice Presidents and other designated financial and operations officers. A copy of such policy is posted on the Company's website, www.tmw.com, under the heading "Corporate Governance".

Item 11. ***Executive Compensation***

The information required by this Item is incorporated herein by reference from our Proxy Statement for the Annual Meeting of Shareholders to be held June 13, 2007.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The following table sets forth certain equity compensation plan information for the Company as of February 3, 2007.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted-Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders	1,190,208	9.40	1,413,696
Equity Compensation Plans Not Approved by Security Holders(1)	757,510	15.16	238,338
Total	1,947,343	11.65	1,652,034

(1) The Company has adopted the 1998 Key Employee Stock Option Plan (the "1998 Plan") which, as amended, provides for the grant of options to purchase up to 3,150,000 shares of the Company's common stock to full-time key employees (excluding executive officers), of which 694,053 shares are to be issued upon the exercise of outstanding options and 238,338 shares remain available for future issuance under the 1998 Plan. Options granted under the 1998 Plan must be exercised within ten years from the date of grant. Unless otherwise provided by the Stock Option Committee, options granted under the 1998 Plan vest at the rate of 1/3 of the shares covered by the grant on each of the first three anniversaries of the date of grant and may not be issued at a price less than 50% of the fair market value of our stock on the date of grant. However, a significant portion of options granted under these Plans vest annually in varying increments over a period from one to ten years.

In connection with the merger with K&G Men's Center, Inc. in June 1999, the Company granted substitute options to certain holders of options to purchase shares of common stock of K&G Men's Center, Inc. who were not eligible to participate in the Company's stock option plans at a weighted-average exercise price of $32.26. Of the 93,201 shares initially reserved for issuance pursuant to such options, options covering 8,707 shares remain unexercised at this time.

In connection with other acquisitions, the Company entered into employment or consulting arrangements with certain key individuals at the acquired companies and issued to them options to purchase 33,750 shares at an exercise price of $16.17 and 48,000 shares at an exercise price of $10.65, of which 21,000 shares remain unexercised.

The additional information required by Item 12 is incorporated herein by reference from the Company's Proxy Statement for its Annual Meeting of Shareholders to be held June 13, 2007.

Item 13. *Certain Relationships and Related Transactions*

The information required by this Item is incorporated herein by reference from our Proxy Statement for the Annual Meeting of Shareholders to be held June 13, 2007.

Item 14. *Principal Accountant Fees and Services*

The information required by this Item is incorporated herein by reference from our Proxy Statement for the Annual Meeting of Shareholders to be held June 13, 2007.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) 1. *Financial Statements*

The following consolidated financial statements of the Company are included in Part II, Item 8:

Management's Report on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of January 28, 2006 and February 3, 2007

Consolidated Statements of Earnings for the years ended January 29, 2005, January 28, 2006 and February 3, 2007

Consolidated Statements of Shareholders' Equity and Comprehensive Income for the years ended January 29, 2005, January 28, 2006 and February 3, 2007

Consolidated Statements of Cash Flows for the years ended January 29, 2005, January 28, 2006 and February 3, 2007

Notes to Consolidated Financial Statements

2. *Financial Statement Schedules*

Schedule II — Valuation and Qualifying Accounts

The Men's Wearhouse, Inc.
(In thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts[5]	Deductions from Reserve[3]	Translation Adjustment	Balance at End of Period
Allowance for uncollectible accounts[1][2]:						
Year ended January 29, 2005	$ 333	$ 323	$ —	$ (289)	$ 1	$ 368
Year ended January 28, 2006	368	162	—	(276)	2	256
Year ended February 3, 2007	256	153	—	(173)	(1)	235
Allowance for sales returns[1][4]:						
Year ended January 29, 2005	$ 364	$ (96)	$ 158	$ —	$ —	$ 426
Year ended January 28, 2006	426	(67)	39	—	—	398
Year ended February 3, 2007	398	23	100	—	—	521
Inventory reserves[1]:						
Year ended January 29, 2005	$ 6,857	$ 48	$ —	$ —	$ 192	$ 7,097
Year ended January 28, 2006	7,097	449	—	—	298	7,844
Year ended February 3, 2007	7,844	(153)	—	—	(120)	7,571

(1) The allowance for uncollectible accounts, the allowance for sales returns and the inventory reserves are evaluated at the end of each fiscal quarter and adjusted based on the evaluation.

(2) The allowance for uncollectible accounts relates to third-party credit card providers and other trade receivables. As referred to in Note 1 of the Notes to Consolidated Financial Statements, certain previously reported amounts have been reclassified to conform to the current period presentation. (See Note 1 of the Notes to Consolidated Financial Statements for additional information).

(3) Consists primarily of write-offs of bad debt.

(4) Allowance for sales returns is included in accrued expenses.

(5) Deducted from net sales.

All other schedules are omitted because they are not applicable or because the required information is included in the Consolidated Financial Statements or Notes thereto.

3. *Exhibits*

Exhibit Number		Exhibit
2.1	—	Stock Purchase Agreement dated November 16, 2006, by and among Federated Department Stores, Inc., David's Bridal, Inc. and The Men's Wearhouse, Inc. (incorporated by reference from Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on November 17, 2006).
3.1	—	Restated Articles of Incorporation (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 30, 1994).
3.2	—	By-laws, as amended (incorporated by reference from Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997).
3.3	—	Articles of Amendment to the Restated Articles of Incorporation (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 1999).
4.1	—	Restated Articles of Incorporation (included as Exhibit 3.1).
4.2	—	By-laws (included as Exhibit 3.2).
4.3	—	Form of Common Stock certificate (incorporated by reference from Exhibit 4.3 to the Company's Registration Statement on Form S-1 (Registration No. 33-45949)).
4.4	—	Articles of Amendment to the Restated Articles of Incorporation (included as Exhibit 3.3).
4.5	—	Amended and Restated Credit Agreement, dated as of December 21, 2005, by and among The Men's Wearhouse, Inc., Moores The Suit People Inc., Golden Brand Clothing (Canada) Ltd., the financial institutions from time to time parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A. as Canadian Agent. (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 27, 2005).
4.6	—	Term Sheet Agreement dated as of January 29, 2003 evidencing the uncommitted CAN$10 million facility of National City Bank, Canada Branch to Golden Brand Clothing (Canada) Ltd. (incorporated by reference from Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2003).
4.7	—	Agreement and Amendment to Amended and Restated Credit Agreement effective as of January 31, 2007, by and among the Company, Moores The Suit People Inc., Golden Brand Clothing (Canada) Ltd., the financial institutions from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on February 7, 2007)
*10.1	—	1992 Non-Employee Director Stock Option Plan (As Amended and Restated Effective January 1, 2004), including forms of stock option agreement and restricted stock award agreement (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 18, 2005).
*10.2	—	Stock Agreement dated as of March 23, 1992, between the Company and George Zimmer (incorporated by reference from Exhibit 10.13 to the Company's Registration Statement on Form S-1 (Registration No. 33-45949)).
*10.3	—	Split-Dollar Agreement and related Split-Dollar Collateral Assignment dated November 25, 1994 between the Company, George Zimmer and David Edwab, Co-Trustee of the Zimmer 1994 Irrevocable Trust (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1995).
*10.4	—	1996 Long-Term Incentive Plan (As Amended and Restated Effective March 29, 2004), including the forms of stock option agreement, restricted stock award agreement and deferred stock unit award agreement (incorporated by reference from Exhibit 10.20 to the Company's Current Report on Form 8-K filed with the Commission on March 18, 2005).
*10.5	—	1998 Key Employee Stock Option Plan (incorporated by reference from Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1998).
*10.6	—	First Amendment to 1998 Key Employee Stock Option Plan (incorporated by reference from Exhibit 4.1 to the Company's Registration Statement on Form S-8 (registration No. 333-80033)).
*10.7	—	Second Amendment to 1998 Key Employee Stock Option Plan (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2000).

Exhibit Number		Exhibit
*10.8	—	Split-Dollar Agreement and related Split-Dollar Collateral Assignment dated May 25, 1995, by and between the Company and David H. Edwab (incorporated by reference from Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2002).
*10.9	—	Split-Dollar Agreement and related Split-Dollar Collateral Assignment dated May 25, 1995, between the Company, David H. Edwab and George Zimmer, Co-Trustee of the David H. Edwab 1995 Irrevocable Trust (incorporated by reference from Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2002).
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*10.12	—	2004 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005).
*10.13	—	Split-Dollar Agreement dated as of June 21, 2006, by and between The Men's Wearhouse, Inc. and George Zimmer (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 29, 2006).
10.14	—	Employee Stock Ownership Plan, Amendment and Restatement Effective December 31, 2006 (filed herewith).
21.1	—	Subsidiaries of the Company (filed herewith).
23.1	—	Consent of Deloitte & Touche LLP, independent auditors (filed herewith).
31.1	—	Certification of Annual Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith).
31.2	—	Certification of Annual Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith).
32.1	—	Certification of Annual Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith).
32.2	—	Certification of Annual Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith).

* Management Compensation or Incentive Plan

The Company will furnish a copy of any exhibit described above to any beneficial holder of its securities upon receipt of a written request therefore, provided that such request sets forth a good faith representation that, as of the record date for the Company's 2007 Annual Meeting of Shareholders, such beneficial holder is entitled to vote at such meeting, and provided further that such holder pays to the Company a fee compensating the Company for its reasonable expenses in furnishing such exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Men's Wearhouse, Inc.

By /s/ George Zimmer
George Zimmer
Chairman of the Board and
Chief Executive Officer

Dated: April 4, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

Signature	Title	Date
/s/ George Zimmer George Zimmer	Chairman of the Board, Chief Executive Officer and Director	April 4, 2007
/s/ Neill P. Davis Neill P. Davis	Executive Vice President, Chief Financial Officer, Treasurer and Principal Financial Officer	April 4, 2007
/s/ Diana M. Wilson Diana M. Wilson	Senior Vice President, Chief Accounting Officer and Principal Accounting Officer	April 4, 2007
/s/ David H. Edwab David H. Edwab	Vice Chairman of the Board and Director	April 4, 2007
/s/ Rinaldo S. Brutoco Rinaldo S. Brutoco	Director	April 4, 2007
/s/ Michael L. Ray Michael L. Ray	Director	April 4, 2007
/s/ Sheldon I. Stein Sheldon I. Stein	Director	April 4, 2007
/s/ Kathleen Mason Kathleen Mason	Director	April 4, 2007
/s/ Deepak Chopra Deepak Chopra	Director	April 4, 2007
/s/ William B. Sechrest William B. Sechrest	Director	April 4, 2007

Exhibit Index

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* Management Compensation or Incentive Plan

Exhibit 10.14

THE MEN’S WEARHOUSE, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Amendment and Restatement
Effective December 31, 2006

**THE MEN'S WEARHOUSE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

THIS AGREEMENT adopted by The Men's Wearhouse, Inc., (the "Sponsor");

W I T N E S S E T H:

WHEREAS, the Sponsor, previously established The Men's Wearhouse, Inc. Employee Stock Plan (the "*Plan*");

WHEREAS, the Plan is intended to meet the requirements for qualification as a stock bonus plan under Section 401(a) of the Code and to comply with applicable provisions of the Employee Retirement Income Security Act of 1974 ("*ERISA*");

WHEREAS, the Plan is an employee stock ownership plan within the meaning of section 4975(e)(7) of the Code and is designed to invest primarily in qualifying employer securities;

WHEREAS, the primary purpose of the Plan is to benefit Members and their beneficiaries by providing a vehicle for building equity ownership of the Sponsor by its employees and the employees of related employers;

WHEREAS, the Plan is also designed to facilitate the achievement of financial objectives of the Sponsor and related employers, including general financing requirements, capital growth, and transfer of ownership of employer securities; and

WHEREAS, the Sponsor has determined to amend the Plan and to change the name of the Plan to "The Men's Wearehouse, Inc. Employee Stock Ownership Plan";

NOW, THEREFORE, effective as of December 31, 2006, except to the extent that a different effective date is required by law or specified herein, the Plan is hereby amended and restated in its entirety, as set forth below:

TABLE OF CONTENTS

ARTICLE I — DEFINITIONS

ARTICLE V — VESTING

ARTICLE VI — BENEFITS

ARTICLE VII — VESTING SERVICE AND ELIGIBILITY SERVICE

ARTICLE VIII — FORFEITURES

ARTICLE IX — ADMINISTRATION OF THE PLAN

ARTICLE XV — MISCELLANEOUS

ARTICLE I

DEFINITIONS

The words and phrases defined in this Article shall have the meaning set out in the definition unless the context in which the word or phrase appears reasonably requires a broader, narrower or different meaning.

1.01 **"*Account*"** means all ledger accounts pertaining to a Member, former Member or Beneficiary which are maintained by the Trustee to reflect the Member's interest in the Trust Fund. The Trustee shall establish the following Accounts and any additional Accounts that the Trustee considers necessary to reflect the entire interest of the Member, former Member, or Beneficiary in the Trust Fund. Each of the Accounts listed below and any additional Accounts established by the Trustee shall reflect the Contributions to the Trust Fund, if any, and the appreciation or depreciation of the assets in the Trust Fund and the income earned or loss incurred on the assets in the Trust Fund attributable to the Contributions to the Account.

(a) *ESOP Account* - All investments in shares of Employer Securities.

(b) *Employer Contribution Account* — Cash and all investments in assets other than Employer Securities.

1.02 **"*Acquisition Loan*"** means a loan (or other extension of credit) obtained by the Trustee to finance the acquisition of Employer Securities for the Trust Fund which loan may constitute an extension of credit to the Trust from a party in interest (as defined in ERISA).

1.03 **"*Active Service*"** means the Periods of Service which are counted for either eligibility or vesting purposes as calculated under Article VII.

1.04 **"*Affiliated Employer*"** means an employer which is a member of the same controlled group of corporations within the meaning of section 414(b) of the Code or which is a trade or business (whether or not incorporated) which is under common control (within the meaning of section 414(c) of the Code) or which is a member of an affiliated service group (within the meaning of section 414(m) of the Code) with the Sponsor. For purposes of the limitation on allocations contained in Appendix A, the definition of Affiliated Employer is modified by substituting the phrase "more than 50 percent" in place of the phrase "at least 80 percent" each place the latter phrase appears in section 1563(a)(1) of the Code.

1.05 **"*Annual Compensation*"** for a Plan Year or Limitation Year means the Employee's wages paid during the Plan Year or Limitation Year by the Affiliated Employers as defined in section 3401(a) of the Code for purposes of federal income tax withholding at the source (but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed) modified by including elective contributions under a cafeteria plan maintained by an Affiliated Employer that are excludable from the Employee's gross income pursuant to section 125 of the Code, elective contributions under a qualified transportation fringe benefit plan maintained by an Affiliated

Employer that are excludable from the Employee's gross income pursuant to section 132(f)(4) of the Code and elective contributions made on behalf of the Employee to any plan maintained by an Affiliated Employer that is qualified under or governed by section 401(k), 408(k), 408(p), 457(b) or 403(b) of the Code, in each case, that would have been paid during the Plan Year or Limitation Year (as applicable) but for the Employee's election. "*Annual Compensation*" shall not include amounts paid after an Employee's Separation From Service unless the amounts (i) are paid (or would have been paid but for the Employee's election under Section 401(k), 403(b) 457(b), 408(k), 408(p), 132(f) or 125 of the Code) within two and one half (2 ½) months following the Employee's Separation From Service, (ii) would, absent the Employee's Separation From Service, have been paid to the Employee while the Employee continued in employment with an Affiliated Employer, and (iii) are regular compensation for services during the Employee's regular working hours, compensation for services outside regular working hours (such as overtime and shift differential), commissions, bonuses, or similar compensation; and payments for accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if his employment had continued. Except for purposes of Section A.3.1 of Appendix A of the Plan, Annual Compensation in excess of $200,000.00 (as adjusted by the Secretary of Treasury for increases in the cost of living) will be disregarded. The cost-of-living adjustment in effect for a calendar year applies to Annual Compensation for the Plan Year that begins within such calendar year. If the Plan Year is ever less than twelve (12) months, the $200,000.00 limitation (as adjusted by the Secretary of Treasury for increases in the cost of living) will be prorated by multiplying the limitation by a fraction, the numerator of which is the number of months in the Plan Year, and the denominator of which is twelve (12).

1.06 "***Annuity Starting Date***" means the first day of the first period for which an amount is payable as an annuity, or in the case of a benefit payable in the form of a lump sum, the date on which the Trustee disburses the lump sum.

1.07 "***Applicable Distribution Period***" means as follows:

(a) *Distributions During the Member's or former Member's Life*. For Distribution Calendar Years commencing on or after January 1, 2003, up to and including the Distribution Calendar Year that includes the Member's or former Member's death, the "*Applicable Distribution Period*" is the Member's or former Member's life expectancy determined using the Uniform Lifetime Table in Regulation section 1.401(a)(9)-9 for his age as of his birthday in the relevant Distribution Calendar Year. However, if the Member's or former Member's sole Section 401(a)(9) Beneficiary for the entire Distribution Calendar Year is his Spouse, for distributions during his lifetime, his *"Applicable Distribution Period"* shall not be less than the joint life expectancy of him and his Spouse using his and his Spouse's attained ages as of his and his Spouse's birthdays in the Distribution Calendar Year.

(b) *Distributions after the Member's or former Member's Death*. Effective for Distribution Calendar Years commencing on or after January, 1, 2003, if a Member or former Member dies on or after his Required Beginning Date, the *"Applicable Distribution Period"* for Distribution Calendar Years after the Distribution Calendar Year containing the Member's or former Member's date of death is the longer of the remaining life expectancy of his Section 401(a)(9) Beneficiary (if any) determined in accordance with the Final Section 401(a)(9) Regulations (calculated by using the age of the Section 401(a)(9) Beneficiary in the year following the year of the former Member's death, reduced by one for each subsequent year) or the remaining life expectancy of the former Member determined in accordance with the Final Section 401(a)(9) Regulations (calculated by using the age of the former Member in the year of death, reduced by one or each subsequent year). However, if the former Member's surviving Spouse is the former Member's sole Section 401(a)(9) Beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each Distribution Calendar Year after the year of the former Member's death using the surviving Spouse's age as the surviving Spouse's birthday in that year; and for distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the surviving Spouse's birthday in the calendar year of the surviving Spouse's death, reduced by one for each subsequent calendar year.

1.08 **"*Beneficiary" or "Beneficiaries*"** means the person or persons, or the trust or trusts created for the benefit of a natural person or persons or the Member's or former Member's estate, designated by the Member or former Member to receive the benefits payable under the Plan upon his death.

1.09 **"*Board*"** means the board of directors of the Sponsor.

1.10 **"*Code*"** means the Internal Revenue Code of 1986, as amended from time to time.

1.11 **"*Committee*"** means the committee appointed by the Sponsor to administer the Plan.

1.12 **"*Computation Period*"** means a period of 12 consecutive months used to determine an Employee's eligibility or vesting.

1.13 **"*Considered Compensation*"** means the Employee's Annual Compensation; however, Considered Compensation in excess of $50,000.00 will be disregarded.

1.14 **"*Debt Reduction Contribution*"** means that portion of the Employer Contribution necessary to make timely payments of all amounts due under any Acquisition Loan for the Plan Year plus any additional amount designated by the Board to be used to reduce Acqusition Loans.

1.15 **"*Direct Rollover*"** means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

1.16 **"*Disability*"** means a disability which results in a determination that the Member is disabled under title II or XVI of the Social Security Act.

1.17 **"*Distributee*"** means an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's

Spouse or former Spouse who is the alternate payee under a Qualified Domestic Relations Order, are Distributees with regard to the interest of the Spouse or former Spouse.

1.18 "***Distribution Calendar Year***" means a calendar year for which a minimum distribution is required to be made to a Member or former Member under section 401(a)(9) of the Code and Department of Treasury Regulations thereunder. If a Member's or former Member's Required Beginning Date is April 1 of the calendar year following the calendar year in which he attains age 70½, his first Distribution Calendar Year is the calendar year in which he attains age 70½. If a Member's or former Member's Required Beginning Date is April 1 of the calendar year following the calendar year in which he incurs a Separation From Service, his first Distribution Calendar Year is the calendar year in which he incurs a Separation From Service/

1.19 "***Diversification Election Period***" means the six Plan Year period beginning with the later of (a) the first Plan Year in which the Employee or former Employee first became a Qualified Member or (b) the Effective Date.

1.20 "***Effective Date***" means January 1, 2006.

1.21 "***Eligible Retirement Plan***" means (a) an individual retirement account described in section 408(a) of the Code, (b) an individual retirement annuity described in section 408(b) of the Code (other than an endowment contract), (c) an annuity plan described in section 403(a) of the Code, (d) a qualified plan described in section 401(a) of the Code that is a defined contribution plan that accepts the Distributee's Eligible Rollover Distribution, (e) an eligible deferred compensation plan described in section 457(b) of the Code that is maintained by an eligible employer described in section 457(e)(1)(A) of the Code but only if the plan agrees to separately account for amounts rolled into such plan, or (f) an annuity contract described in section 403(b) of the Code.

1.22 "***Eligible Rollover Distribution***" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does *not* include: (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's Beneficiary, or for a specified period of ten years or more; (b) any distribution to the extent the distribution is required under section 401(a)(9) of the Code; (c) the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities) unless, the Eligible Retirement Plan to which the distribution is transferred (1) is a qualified trust described in section 401(a) of the Code which is exempt from tax under section 501(a) of the Code and is part of a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is not includable in gross income or (2) is an individual retirement account described in section 408(a) of the Code or an individual retirement annuity described in section 408(b) of the Code (other than an endowment contract); and, (d) a distribution from any of the Participant's or former Participant's Accounts due to a financial hardship of the Participant or former Participant.

1.23 **"*Employee*"** means every person who is (a) a common law employee of an Affiliated Employer or (b) a Leased Employee.

1.24 **"*Employer*"** means the Sponsor and any other Affiliated Employer which has adopted this Plan.

1.25 **"*Employer Contribution*"** means the amount contributed by the Employer under Article III.

1.26 **"*Employer Securities*"** means common stock issued by the Sponsor or by an Affiliated Employer that is Publicly Traded, or if there is no such stock, then the term "Employer Securities" means common stock issued by the Sponsor or by an Affiliated Employer that has a combination of voting power and dividend rights equal to or in excess of (a) that class of common stock of such corporation having the greatest voting power and (b) that class of common stock of such corporation having the greatest dividend rights.

1.27 **"*ERISA*"** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.28 **"*Final Section 401(a)(9) Regulations*"** means the final Department of Treasury Regulations issued under section 401(a)(9) of the Code which were published in the Federal Register on April 17, 2002.

1.29 **"*Financed Shares*"** means shares of Employer Securities acquired by the Trust Fund with the proceeds of an Acquisition Loan.

1.30 **"*Five Percent Owner*"** means an Employee who is a five percent owner as defined in section 416(i) of the Code.

1.31 **"*Hour of Employment*"** means each hour (a) that an Employee is either directly or indirectly paid or entitled to payment by the Employer or Affiliated Employer for the performance of duties; (b) that an Employee is either directly or indirectly paid or entitled to payment by the Employer or Affiliated Employer for a period of time during which no duties are performed (whether or not the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, leave of absence; or (c) that an Employee is paid or entitled to payment of back pay, irrespective of mitigation of damages, which is awarded or agreed to by the Employer or Affiliated Employer. The same Hours of Employment shall not be credited both under clauses (a) or (b) and (c). For purposes of clauses (b) and (c) no more than 501 Hours of Employment shall be credited to an Employee due to any single continuous period during which he performs no duties (whether or not the period occurs in a single Computation Period). Hours of Employment shall not be credited if they are paid for under a plan maintained solely to comply with workmen's compensation, unemployment compensation or disability insurance laws. Hours of Employment shall not be credited if they are paid for solely to reimburse an Employee for medical or medically related expenses incurred by him. The number of Hours of Employment credited as Active Service shall be the number of actual Hours of Employment performed by the Employee, based upon the records of the Employer. If the Employer's records are inadequate and the Employee would be required to be credited with an Hour of Employment for a payroll period under the foregoing provisions of this Section, the Employee will be credited with 10 Hours of Employment if he is customarily paid on a daily basis, 45 Hours of Employment if he is customarily paid on a weekly basis, 90 Hours of Employment if he is customarily paid on a bi-weekly basis, 95 Hours of Employment if he is customarily paid on a semi-monthly basis, and 190 Hours of Employment if he is customarily paid on a monthly basis. If an Employee receives compensation for which no duties were performed that was not based upon units of time, the Hours of Employment to be credited will be calculated under the method set forth in Department of Labor Regulations Section 2530.200b-2(b)(2).

1.32 "***Leased Employee***" means any person who (a) is not a common law employee of an Affiliated Employer, (b) pursuant to an agreement between an Affiliated Employer and any other person, has performed services for an Affiliated Employer (or for an Affiliated Employer and related persons determined in accordance with section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year and (c) performs the services under primary direction and control of the recipient.

1.33 "***Loan Suspense Account***" means the ledger account maintained by the Committee with respect to Financed Shares that have not been allocated to Member's Accounts.

1.34 "***Member***" means a person employed by the Employer during the Plan Year and eligible to participate in the Plan.

1.35 "***Nonforfeitable Interest***" means a Member's nonforfeitable interest in amounts credited to his Account determined in accordance with Article V.

1.36 "***Period of Service***" means a period of employment with an Employer or Affiliated Employer, which commences on the day on which an Employee performs his initial Hour of Employment or performs his initial Hour of Employment upon returning to the employ of the Employer or an Affiliated Employer, whichever is applicable, and ends on the date the Employee severs Service.

1.37 "***Period of Severance***" means the period of time commencing on the date an Employee severs Service and ending on the date the Employee again performs an Hour of Employment.

1.38 "***Plan***" means this Plan, including all subsequent amendments.

1.39 "***Plan Year***" means the 12-month period that commences on January 1 and ends on December 31. The Plan Year shall be the fiscal year of the Plan.

1.40 "***Publicly Traded***" means a security that is listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or that is quoted on a system sponsored by a national securities association registered under Section 15A(b) of the Securities Exchange Act.

1.41 "***Qualified Domestic Relations Order***" means a qualified domestic relations order as defined in section 414(p) of the Code.

1.42 "***Qualified Member***" means an Employee or former Employee who has completed at least ten (10) years of participation under the Plan and has attained age 55.

1.43 "***Registration Type Securities***" means a class of securities of the Employer or an Affiliated Employer that is required to be registered under section 12 of the Securities Exchange Act of 1934 or that would be required to be so registered except for the exemption from registration provided in section 12(g)(2)(H) of the Securities Exchange Act of 1934.

1.44 "***Regulation***" means the Department of Treasury regulation specified, as it may be changed from time to time.

1.45 "***Required Beginning Date***" means:

(a) in the case of an individual who is not a Five Percent Owner in the Plan Year that ends in the calendar year in which he attains age 70½, the Required Beginning Date is April 1 of the calendar year following the later of (i) the calendar year in which the individual attains age 70½, or (ii) the calendar year in which the individual has a Separation From Service; and

(b) in the case of an individual who is a Five Percent Owner in the Plan Year that ends in the calendar year in which he attains age 70½, the Required Beginning Date is April 1 of the calendar year following the calendar year in which he attains age 70½.

1.46 "***Retirement Age***" means age 65.

1.47 ***"Section 401(a)(9) Beneficiary"*** means an individual who is a Member's or former Member's Beneficiary on the date of the Member's or former Member's death and (unless the Beneficiary dies after the date of the Member's or former Member's death and before September 30 of the following calendar year without disclaiming benefits under the Plan) who remains a Beneficiary as of September 30 of the calendar year following the calendar year of the Member's or former Member's death. If the Member's or former Member's Beneficiary is a trust, an individual beneficiary of the trust may be a Section 401(a)(9) Beneficiary of the Member or former Member if the requirements of Regulation Section 1.401(a)(9)-4 are satisfied.

1.48 "***Separation From Service***" means an individual's termination of employment with the Sponsor and all Affiliated Employers without commencing or continuing employment with the Sponsor or any other Affiliated Employer.

1.49 "***Service***" means the period or periods that a person is paid or is entitled to payment for performance of duties with the Employer or an Affiliated Employer.

1.50 "***Sponsor***" means The Men's Wearhouse, Inc.

1.51 "***Spouse***" means the person to whom the Member or former Member is married under applicable local law. In addition, to the extent provided in a Qualified Domestic Relations Order, a surviving former spouse of a Member or former Member will be treated as the Spouse of the Member or former Member, and to the same extent any current spouse of the Member or former Member will not be treated as a Spouse of the Member or former Member. For purposes of Section 5.06, a former Spouse to whom all or a portion of a Member's or former Member's Plan benefit is payable under a Qualified Domestic Order shall, to that extent, be treated as a Spouse or surviving Spouse regardless of whether the Qualified Domestic Relations Order specifically provides that the former Spouse is to be treated as the Spouse for purposes of Sections 401(a)(11) and 417 of the Code.

1.52 **"*Trading Limitation*"** means a restriction on a security under any federal or state securities law, any regulation thereunder, or an agreement, not prohibited under the terms of the Plan, affecting the security which would make the security not as freely tradeable as one not subject to the restriction.

1.53 **"*Trust*"** means the trust created to fund the Plan.

1.54 **"*Trustee*"** means the entity with trust powers that is appointed by the Sponsor and has accepted the duties of Trustee and any and all successor or successors appointed by the Sponsor or successor Sponsor.

1.55 **"*Trust Fund*"** means all of the trust estates established under the terms of the Plan to fund the Plan, whether held to fund a particular group of Accounts or held to fund all of the Accounts, collectively.

1.56 **"*Valuation Date*"** means the day or days each Plan Year selected by the Committee on which the Trust Fund is to be valued which cannot be less frequent than annual. One or more Accounts may have different Valuation Dates from other Accounts. The Valuation Date must be announced to all Members and shall remain the same until changed by the Committee and announced to the Members. Until changed by the Committee, the Valuation Date shall be the last day of each Plan Year.

1.57 **"*Year of Active Service*"** shall have the meaning set forth in Section 7.01.

ARTICLE II

ELIGIBILITY RULES

2.01 **Eligibility Requirements**. Each Employee shall become a Member effective as of the first day of the Plan Year containing the later of (a) the effective date of the adoption of this Plan by his Employer, or (b) the date on which the Employee completes one Year of Active Service. However, all Employees who are included in a unit of Employees covered by a collective bargaining agreement between the Employees' representative and the Employer shall be excluded, even if they have met the requirements for eligibility, if there has been good faith bargaining between the Employer and the Employees' representative and the collective bargaining agreement does not require the Employer to include those Employees in this Plan. In addition, Leased Employees shall not be eligible to participate in the Plan. Any person who is employed by the Sponsor in connection with Value Priced Clothing, L.L.C. shall not be eligible to participate in the Plan unless he is transferred from the employ of the Sponsor in a capacity unrelated to Value Priced Clothing, L.L.C. to a capacity related to Value Priced Clothing, L.L.C., or he previously transferred from the employ of the Sponsor, The Men's Wearhouse (Nevada) Inc. or TMI Texas Retail L.P. to Value Priced Clothing, Inc.

2.02 **Eligibility Upon Reemployment.** If an Employee severs Service with the Employer for any reason after fulfilling the eligibility requirements, the Employee shall be eligible to begin participation in this Plan on the day he first completes an Hour of Employment upon his return to employment with an Employer. Once an Employee has become eligible to be a Member, he shall continue to be a Member until he severs Service. A former Member shall become a Member again upon his return to employment with an Employer.

2.03 **Frozen Participation**. An Employee employed by an Affiliated Employer that has not adopted this Plan cannot actively participate in this Plan even though he accrues Service. Likewise, if a Member: (a) is transferred from an Employer to an Affiliated Employer which has not adopted the Plan or (b) becomes excluded under the provisions of a collective bargaining agreement or becomes a Leased Employee, his participation shall become inactive. However, his Account shall continue to share in any Investment Gains or Losses during the period of time that he is (a) employed by an Affiliated Employer that has not adopted the Plan, (b) excluded from covered employment under the provisions of a collective bargaining agreement or (c) a Leased Employee.

ARTICLE III

CONTRIBUTIONS

3.01 **Employer Contributions**. The Employer shall contribute for each Plan Year an amount, if any, that is designated by the Board to be a discretionary Employer Contribution for the Plan Year. The Employer shall contribute for each Plan Year an amount of Debt Reduction Contribution as shall be necessary to make timely payment of all amounts due under any Acquisition Loan for the Plan Year plus any additional amount designated by the Board to be used to reduce Acquisition Loans.

The amount of the Employer's Contribution shall not exceed 25 percent of total compensation paid during the Plan Year to all Members, except as provided in this Section. The Contribution made by the Employer under this Plan, when combined with any other qualified plans, shall not exceed the maximum allowable deductions permitted under section 404 of the Code.

The Employer Contributions for a Plan Year must be paid into the Trust Fund in one or more installments not later than the time prescribed by law for filing the Employer's federal income tax return (including extensions) for its taxable year for which it is to take the deduction. If the Contribution is paid after the last day of the Employer's taxable year but prior to the date it files its tax return (including extensions), it shall be treated as being received by the Trustee on the last day of the taxable year if (a) the Employer notifies the Trustee in writing that the payment is being made for that taxable year or (b) the Employer claims the Contribution as a deduction on its federal income tax return for the taxable year.

3.02 **Restoration Contributions.** The Employer shall, for each Plan Year, make a restoration contribution in an amount equal to the sum of (a) such amount, if any, as shall be necessary to fully restore all ESOP Accounts and Employer Contribution Accounts required to be restored pursuant to the provisions of Section 8.02 after the application of all forfeitures available for such restoration; plus (b) an amount equal in value to the value of forfeited benefits required to be restored under Section 8.03, after the application of all forfeitures available for such restoration.

3.03 **Form of Employer Contributions**. The Employer Contribution may be paid to the Trustee either in cash or in kind, including qualifying employer securities as defined in section 407 of ERISA, or any combination of these, but the payment cannot be made in any form constituting a prohibited transaction under section 4975 of the Code or section 406 of ERISA. If the Employer's Contribution is made in Employer Securities, the Employer Securities shall be valued at its fair market value as of the date of the Contribution, as determined in good faith by the Trustee.

3.04 **Return of Contributions for Mistake, Disqualification or Disallowance of Deduction**. Subject to the limitations of section 415 of the Code, the assets of the Trust shall not revert to the Employer or be used for any purpose other than the exclusive benefit of the Members and their Beneficiaries and the reasonable expenses of administering the Plan except:

(a) any Contribution made because of a mistake of fact shall be repaid to the Employer within one year after the payment of the Contribution;

(b) any Employer Contributions are conditioned upon their deductibility under section 404 of the Code; therefore, to the extent the deduction is disallowed, the Contributions shall be repaid to the Employer within one year after the disallowance.

The Employer has the exclusive right to determine if a Contribution or any part of it is to be repaid or is to remain as a part of the Trust Fund except that the amount to be repaid is limited, if the Contribution is made by mistake of fact or if the deduction for the Contribution is disallowed, to the excess of the amount contributed over the amount that would have been contributed had there been no mistake or over the amount disallowed. Earnings which are attributable to any excess contribution cannot be repaid. Losses attributable to an excess contribution must reduce the amount that may be repaid. All repayments of mistaken Contributions or Contributions which are disallowed are limited so that the balance in a Member's Accounts cannot be reduced to less than the balance that would have been in the Member's Accounts had the mistaken amount or the amount disallowed never been contributed.

3.05 **Rollover Contributions**. No eligible rollover distributions described in section 402 of the Code may be rolled over into the Plan.

ARTICLE IV

ALLOCATIONS AND VALUATIONS

4.01 **Allocation of Employer Contributions**. As of the end of each Plan Year, the Committee shall:

(a) allocate the Employer Contribution, if any, which is required to restore the nonvested portion of the Employer Accounts of Members who had previously forfeited that nonvested portion on the date they terminated employment but who qualified for the restoration of that amount during the Plan Year (provided that there are not sufficient forfeitures to reinstate Accounts required to be reinstated under Section 4.4);

(b) allocate the Employer Contribution, if any, which is required to restore the Accounts of those Members whose benefits were forfeited because of the Committee's inability to contact the Members previously but who have filed a claim for their Accounts during the Plan Year;

(c) allocate the Employer Contribution, if any, which is necessary to fulfill the Top-Heavy Plan requirements of Appendix B if the Plan is determined to be a Top-Heavy Plan; and

(d) allocate the Employer Contribution, if any, under Section 3.01 which is designated by the Board to be a discretionary Employer Contribution for the Plan Year not to be used for the purposes set out in (a) through (c) above, among the Members who are eligible to participate and who satisfy the requirements described below.

Employer Contributions for a Plan Year will be allocated only to those Members who have completed 1,000 Hours of Employment during the Plan Year and are employed by an Employer or an Affiliated Employer on the last day of the Plan Year. However, a Member who dies or severs Service due to Disability during a Plan Year, or retires during a Plan Year after reaching Retirement Age, will be entitled to receive an allocation of the Employer Contribution for that Plan Year even if he has not completed 1,000 Hours of Employment or is not employed by an Employer or an Affiliated Employer on the last day of that Plan Year. If the Employer Contribution is made in cash, it shall be allocated based upon each Member's Considered Compensation paid by the Employer as compared to the Considered Compensation of all Members employed by the Employer and eligible for the allocation. It shall be credited to each Member's Employer Contribution Account. If the Employer Contribution is made in Employer Securities it shall be allocated in nonmonetary units consisting of shares of Employer Securities based upon each Considered Compensation paid by the Employer as compared to the Considered Compensation of all Members employed by the Employer and eligible for the allocation. It shall be credited to each Member's ESOP Account. Likewise, from time to time the Trustee may purchase Employer Securities with cash or other assets from the Trust. The cash or other assets sold shall be subtracted from each Member's Employer Contributions Account and the shares of Employer Securities purchased shall be allocated in nonmonetary units to each Member's ESOP Account.

4.02 **Allocation of Forfeitures**. At the time a forfeiture occurs pursuant to Article VIII, Section A.3.2 of Appendix A or Section A.3.3 of Appendix A, the amount forfeited will first be used to reinstate any Account required to be reinstated under Article VIII, and any remaining amount will be allocated to Members at the same time and in the same way as Employer Contributions.

4.03 **Financed Shares Placed in Loan Suspense Account.** The Committee shall initially place all Financed Shares in the Loan Suspense Account.

4.04 **Application of Debt Reduction Contribution.** The Employer's Debt Reduction Contribution shall be applied to make payment on any outstanding Acquisition Loans under the provisions of the instruments evidencing the Acquisition Loans and the instructions of the Committee.

4.05 **Allocation of Dividends on Employer Securities**. Dividends paid with respect to Employer Securities shall be allocated among the Members and former Members with Account balances and the Loan Suspense Account in proportion to the number of shares of Employer Securities (of the class with respect to which the dividend is paid) allocated to the Loan Suspense Account and to each Member's or former Member's ESOP and Employer Contribution Accounts as of the record date for the dividend. Dividends with respect to Employer Securities held in the Loan Suspense Account, to the extent not used to make payment on an Acquisition Loan, shall immediately be reallocated to Members and former Members in proportion to the number of shares of Employer Securities in each Member's or former Member's ESOP and Employee Contribution Accounts as of the record date for the dividend. As determined by the Committee from time to time, dividends paid with respect to Employer Securities may be (a) paid in cash to the Members and former Members or their Beneficiaries, (b) paid to the Trust Fund and distributed in cash to the Members and former Members or their Beneficiaries not later than 90 days after the close of the Plan Year in which paid, (c) used to make payment on an Acquisition Loan under the provisions of the instruments evidencing such Acquisition Loan, (d) credited to the ESOP and Employer Contribution Accounts of Members and former Members, or (e) paid or credited in any combination of the applications described in clauses (a) through (d) of this sentence. Clause (c) shall apply only with respect to dividends on Financed Shares, and shall apply with respect to Financed Shares which are allocated to any Member's or former Member's ESOP Account only if and to the extent that shares of Company Stock with a fair market value not less than the amount of the dividends are allocated to the Member's or former Member's ESOP Account for the Allocation Period with respect to which the dividends would have been allocated to the Member's or former Member's Account but for the application of clause (c).

4.06 **Allocation of Financed Shares Among Members' Accounts.** As of the end of each Plan Year the Committee shall withdraw from the Loan Suspense Account the number of Financed Shares which is equal to the number of shares held in the Loan Suspense Account immediately before that withdrawal multiplied by a fraction, the numerator of which is the amount of principal and interest paid for the Plan Year then ending on all Acquisition Loans, and the denominator of which is the sum of the numerator plus the principal and interest to be paid for all future years on all Acquisition Loans. The number of future years under any Acquisition

Loan shall be determined without taking into account any possible extensions or renewal periods. However, if any Acquisition Loan is repaid with the proceeds of a subsequent Acquisition Loan, the numerator of the fraction shall not include principal and interest payments on the original Acquisition Loan to the extent made with the proceeds of the subsequent Acquisition Loan. If the interest rate under any Acquisition Loan is variable, the interest to be paid in future years shall be computed by using the interest rate applicable as of the Allocation Date. The Committee will normally allocate the Financed Shares among the ESOP Accounts of the Members in the proportion that the Considered Compensation of each Member for the Plan Year bears to the Considered Compensation of all Members for the Plan Year. However, should there be no Employer Contribution or an insufficient Employer Contribution to fulfill the Top-Heavy requirements, if any, for a Plan Year, all shares withdrawn from the Loan Suspense Account for the Plan Year shall first be allocated to fulfill that requirement; then the remaining withdrawn shares, if any, shall be allocated under the normal allocation process.

4.07 **Allocation of Financed Shares in Nonmonetary Units.** All allocations of Financed Shares which are withdrawn from the Loan Suspense Account shall be made in nonmonetary units consisting of shares of Employer Securities. If any allocation includes assets other than Employer Securities, the allocation to each Member's Accounts shall include the same proportion of Employer Securities and value attributable to the other assets. Employer Securities shall be valued at fair market value, determined as of the end of the Plan Year as of which the allocation is being made.

4.08 **Tender or Exchange Offers.** Notwithstanding any other provision of the Plan, if (a) Financed Shares held in the Loan Suspense Account are tendered by the Trustee pursuant to a tender or exchange offer or are otherwise sold or exchanged pursuant to, in connection with, or as a result of a Change of Control as defined below (including but not limited to a sale or exchange upon a merger or other business combination), (b) cash or other property is received by the Trustee in exchange for the Financed Shares, and (c) a Change of Control occurs or has occurred in connection with the tender or exchange offer or the transaction occasioning another sale or exchange, then the cash consideration received by the Trustee in exchange for the Financed Shares shall be immediately applied to the payment of the Acquisition Loans to the full extent necessary to pay in full all outstanding principal and interest under those Acquisition Loans, without regard to the maturity or other due dates of the principal and interest. If the consideration received by the Trustee is not sufficient to pay all principal and interest, the entire amount shall be immediately applied to payment of principal and interest. If and to the extent that the consideration received by the Trustee is property other than cash, that property shall, to the extent it may be sold without unreasonable cost, be sold for cash to the extent necessary to fulfill the requirements above. The cash sales proceeds shall be considered as cash received in exchange for the Financed Shares and shall be applied as outlined above. The consideration received in excess of the amounts paid on Acquisition Loans shall be immediately allocated among the ESOP Accounts of Members in the proportion that the number of Financed Shares in each Member's ESOP Account bears to the total number of Financed Shares in all Members' ESOP Accounts. For purposes of this Section 4.08 the term "*Change of Control*" means the occurrence of either of the following events: (a) a third person, including a group as determined in accordance with Section 13(d)(3) of the Securities Exchange Act of 1943, becomes the beneficial owner of shares of the Company having 30% or more of the total number of votes that may be cast for the election of directors of the Sponsor; or (b) as a result of, or in connection with, any cash tender offer or exchange offer, merger, or other business combination, sale of assets, or contested election, or any combination of the foregoing transactions, the persons who were directors of the Sponsor before the transaction or transactions no longer constitute a majority of either the Board of Directors or the board of directors of any successor to the Sponsor.

4.09 **Stock Splits**. If the shares of Employer Securities are subdivided, the additional shares acquired by the Trustee upon the subdivision will be allocated among the Members, former Members and Beneficiaries with Account balances in proportion to the number of shares of Employer Securities (of the class with respect to which the subdivision is made) allocated to their ESOP Accounts as of the record date for the subdivision.

4.10 **Valuation of Trust Fund**. The Trustee shall value the Trust Fund on its Valuation Date at its then fair market value, but without regard to any Contributions made to the Plan after the preceding Valuation Date, shall determine the amount of income earned or losses suffered by the Trust Fund and shall determine the appreciation or depreciation of the Trust Fund since the preceding Valuation Date. The Trustee shall separate the Trust Fund into the various investment funds or accounts in which it is held, if more than one, and shall then allocate as of the Valuation Date the income earned and losses suffered and the appreciation or depreciation in the assets of the Trust Fund for the period since the last preceding Valuation Date. The allocation shall be among the Members and former Members who have undistributed Account balances based upon their Account balances in each of the various investment funds or accounts, if more than one, as of the last Valuation Date reduced, as appropriate, by amounts used from the investment fund or account or Trust to make a withdrawal or distribution or any other transaction which is properly chargeable to the Member’s or former Member’s Account during the period since the last Valuation Date. The Committee, by resolution, may elect in lieu of the allocation method described above to use a unit allocation method, a separate account method or any other equitable method if it announces the method of allocation to the Members prior to the beginning of the period during which it is first used.

4.11 **Interim Valuation of Trust Fund**. If at any time in the interval between Valuation Dates, one or more withdrawals or one or more distributions are to be made and the Committee determines that an interim allocation is necessary to prevent discrimination against those Members and former Members who are not receiving funds, the Trustee is to perform a valuation of a portion or all of the Trust Fund as of a date selected by the Committee which is administratively practical and near the date of withdrawals or distributions in the same manner as it would if it were a scheduled Valuation Date. That date may be before or after any particular distribution or withdrawal. The Committee shall then allocate as of that date any income or loss and any appreciation or depreciation to the various Accounts of each of the Members or former Members in the same manner as it would if it were a scheduled Valuation Date. Then without regard to the language in Section 6.1, all distributions made after that date and prior to the next Valuation Date, even though the event causing it occurred earlier, shall be based upon the Accounts as adjusted by the interim valuation.

4.12 **Rights of Members or Former Members in Trust Fund**. No allocation, adjustment, credit or transfer shall ever vest in any Member or former Member any right, title or interest in the Trust Fund except at the times and upon the terms and conditions specified in this Plan. The Trust Fund shall, as to all Accounts, be a commingled fund.

ARTICLE V

VESTING

A Member or former Member has a fully Nonforfeitable Interest in his entire Account balance when he (a) incurs a Disability on or prior to the date of his Separation From Service, (b) attains his Normal Retirement Age on or prior to the date of his Separation From Service, or (c) incurs a Separation From Service due to death. A Member or former Member shall have a Nonforfeitable Interest in the following percentage of amounts credited to his ESOP Account and Employer Contribution Account:

Years of Active Service Completed by the Member or Former Member	Nonforfeitable Interest Percentage
Less than three	0
Three but less than four	20
Four but less than five	40
Five but less than six	60
Six but less than seven	80
Seven or more	100

Subject to the possible application of Section B.2.3 of Appendix B or Section 12.05, except as specified above, a Member or former Member has no vested interest in his Account balance and shall not be entitled to any benefits under the Plan upon or following his Separation From Service.

ARTICLE VI

BENEFITS

6.01 **Valuation of Accounts for Distributions**. For the purpose of making a distribution, a Member's Employer Contribution Account shall be his Employer Contribution Account as valued as of the Valuation Date that is coincident with or next preceding the event which caused the distribution, adjusted only for Contributions, dividends on Employer Securities, purchases of Employer Securities as described in Section 4.01, and distributions, if any, made between the Valuation Date and that event. For the purpose of making a distribution, a person's ESOP Account shall be his ESOP Account as of the date of distribution unless he is to receive cash instead of shares. In that event it shall be the net cash proceeds of the sale of the Employer Securities when the Trustee sells it in order to make the distribution.

6.02 **Retirement Benefit**. An Employee who has a Separation From Service on or after he attains his Retirement Age is entitled to receive 100 percent of amounts credited to all of his Accounts.

6.03 **Disability Benefit**. Upon an Employee's Separation From Service due to a Disability, he is entitled to receive 100 percent of all of his Accounts.

6.04 **Severance Benefit**. Upon an Employee's Separation From Service for any reason *other* than death, Separation From Service after attaining Retirement Age or due to Disability, he is entitled to receive his Nonforfeitable Interest in amounts credited to his ESOP Account and Employer Contribution Account.

6.05 **Death Benefit**. If a Member or former Member dies, the death benefit payable to his Beneficiary shall be 100 percent of the remaining amount in all of his Accounts as of the day he dies.

6.06 **Distribution Methods Available**. Subject to Section 6.09, the distribution methods available under the Plan are (a) a lump sum payment or (b) periodic installment payments.

If a Member or former Member elects periodic installment payments, his Account balances shall be paid in substantially equal semi-annual or annual periodic installments (as elected by him) for a specified number of years which may not exceed his life expectancy or the joint and last survivor life expectancy of him and his Beneficiary. Life expectancies will be determined, under Regulations issued under section 79 of the Code, as of the time payments commence. Upon the death of a Member or former Member prior to the complete distribution of his Account balances, his Beneficiary may elect to receive the Beneficiary's interest in the Accounts in (a) an immediate lump sum payment or (b) installment payments for any period not in excess of the period (if any) selected by the Member or former Member.

6.07 **Election of Distribution Method.** Each Member or former Member shall have the right to elect the method of distribution applicable to him. An election of an option available under this Article shall be made within the 90-day period that ends on the Member's or former Member's Annuity Starting Date, and may be rescinded or changed by a Member or former Member at any time prior to the distribution. An election, change, or rescission of an option must be made by executing and properly filing the form or forms approved by the Committee. Proof of age and other information may be required by the Committee.

6.08 **Default Distribution Method.** If a Member or former Member who is not subject to Section 6.09 does not elect a different distribution method, subject to Section 6.13, his Account balances will be distributed in substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (a) five years, or (b) in the case of a Member or former Member whose Account balances are in excess of $800,000.00, five years plus one additional year (but not more than five additional years) for each $160,000.00 or fraction thereof by which his Account balances exceed $800,000.00. The dollar amounts listed in the preceding sentence will be adjusted by the Secretary of Treasury from time to time.

6.09 **Immediate Payment of Small Amount Upon Separation From Service.** This Section 6.09 applies notwithstanding any other provision of the Plan other than Section 6.11. Each Member or former Member whose Nonforfeitable Interest in his Account balance at the time of a distribution to him on account of his Separation From Service is, in the aggregate, less than or equal to $5,000.00 but greater than $1,000.00, shall be paid as soon as administratively practicable in the form of an immediate single sum payment in shares of Employer Securities with respect to amounts invested in Employer Securities or in cash and/or as a Direct Rollover, as elected by him under Section 6.11, or in an Automatic Rollover. Each Member or former Member whose Nonforfeitable Interest in his Account balance at the time of a distribution to him on account of his Separation From Service is, in the aggregate, less than or equal to $1,000.00 but greater than $200.00, shall be paid as soon as administratively practicable in the form of an immediate single sum payment in shares of Employer Securities with respect to amounts invested in Employer Securities or in cash and/or as a Direct Rollover, as elected by him under Section 6.11. Each Member or former Member whose Nonforfeitable Interest in his Account balance at the time of a distribution to him on account of his Separation From Service is, in the aggregate, less than or equal to $200.00, shall be paid as soon as administratively practicable in the form of an immediate single sum cash payment. If a Member's or former Member's Nonforfeitable Interest in his Account balance payable upon his Separation From Service is zero (because he has no Nonforfeitable Interest in his Account balance), he will be deemed to have received an immediate distribution of his entire Nonforfeitable Interest in his Account balance.

If a Member or former Member who is subject to this Section 6.09 and whose Plan benefit is less than or equal to $5,000.00 but greater than $1,000.00 does not furnish instructions in accordance with Plan procedures to receive an immediate single sum payment in shares of Employer Securities or in cash and/or as a Direct Rollover within 45 days after he has been given distribution election forms, his entire Plan benefit will be paid in an Automatic Rollover. If a Member or former Member who is subject to this Section 6.09 and whose Plan benefit is less than or equal to $1,000.00 but greater than $200.00 does not furnish instructions in accordance with Plan procedures to directly roll over his Plan benefit within 45 days after he has been given distribution election forms, he will be deemed to have elected to receive an immediate single sum cash payment of his entire Plan benefit. The term "Automatic Rollover" shall mean a distribution in cash made by the Plan in a direct rollover to an individual retirement plan designated by the Sponsor for the Member or former Member.

6.10 **Forms of Payment Available.** A distribution from the Plan shall be made in the form of cash or, if the amounts invested in Employer Securities exceed $200.00, in shares of Employer Securities as elected by the Member, former Member or his Beneficiary. No fractional shares of Employer Securities will be distributed from the Plan.

6.11 **Direct Rollover Option.** To the extent required under Regulations, a Distributee has the right to direct that any portion of his Eligible Rollover Distribution will be directly paid to an Eligible Retirement Plan specified by him that will accept the Eligible Rollover Distribution.

6.12 **Time of Distribution.** Notwithstanding any other provision of the Plan, all benefits payable under the Plan shall be distributed, or commence to be distributed, in compliance with the following provisions:

(a) If a Member or former Member has a Separation From Service after his attainment of Retirement Age or due to Disability or death and he or his Beneficiary elects to receive a distribution from the Plan, the distribution of his Account balances will commence not later than one year after the close of the Plan Year in which the Separation From Service occurs. If a Member or former Member has a Separation From Service not described in the preceding sentence and he elects to receive a distribution from the Plan, the distribution of his Account balances will commence not later than one year after the close of the Plan Year which is the fifth Plan Year following the Plan Year in which the Separation From Service occurs (provided that he is not reemployed by the Employer before the distribution is required to begin).

(b) **Compliance with Section 401(a)(9)**. All distributions under the Plan will comply with the requirements of Section 6.13.

(c) **Compliance with Section 401(a)(14)**. Unless the Member or former Member otherwise elects, the payment of benefits under the Plan to the Member or former Member will begin not later than the 60th day after the close of the Plan Year in which occurs the latest of (a) the date on which the Member or former Member attains the later of age 62 or Retirement Age, (b) the tenth anniversary of the year in which the Member or former Member commenced participation in the Plan, or (c) the Member's or former Member's Separation From Service. Notwithstanding the foregoing, a Member or former Member must file with the Committee a claim for benefits under the Plan before payment of benefits to him (other than pursuant to Section 6.09 or Section 6.13(a)) will commence.

6.13 **Required Distributions.**

Notwithstanding any other provision of the Plan, all benefits payable under the Plan shall be distributed, or commence to be distributed, in compliance with the following provisions:

(a) *Required Distributions for Certain Persons Who are 70½ or Older*. Unless a Member's or former Member's entire Nonforfeitable Interest in his Plan benefit is distributed to him in a single sum no later than his Required Beginning Date or in the form of an annuity purchased from an insurance company, the Member's or former Member's Nonforfeitable Interest in his Plan benefit must begin to be distributed, not later than his Required Beginning Date, over the life of the Member or former Member, or the joint lives of the Member or former Member and his Section 401(a)(9) Beneficiary, or over a period not extending beyond the life expectancy of the Member or former Member or the joint and last survivor expectancy of the Member or former Member and his Section 401(a)(9) Beneficiary. The distribution required to be made on or before the Member's or former Member's Required Beginning Date shall be the distribution required for his first Distribution Calendar Year. The minimum required distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Member's or former Member's Required Beginning Date occurs, must be made on or before December 31 of that Distribution Calendar Year. In the case of a benefit payable in a form other than a single sum or an annuity purchased from an insurance company, the amount that must be distributed for a Distribution Calendar Year is an amount equal to that specified in Paragraph (b) of this Section 6.13.

(b) *Required Minimum Distributions*. If a Member's or former Member's Required Beginning Date is before the date on which he incurs a Separation From Service, the Member or former Member (if he is then alive) must be paid either the entire amount credited to his Accounts or annual distributions from the Plan in the amounts required under section 401(a)(9) of the Code and Regulations thereunder commencing no later than his Required Beginning Date until his entire interest under the Plan has been distributed under this Article VI. The distribution required to be made on or before the Member's or former Member's Required Beginning Date shall be the distribution required for his first Distribution Calendar Year. The minimum required distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Member's or former Member's Required Beginning Date occurs must be made on or before December 31 of that Distribution Calendar Year. The amount that must be distributed for a Distribution Calendar Year is an amount equal to (1) the Member's or former Member's Account balances as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year, increased by any contributions or forfeitures allocated and made to the Accounts during such immediately preceding calendar year after the Valuation Date, and decreased by distributions made during such immediately preceding calendar year after the Valuation Date, divided by (2) the Member's or former Member's Applicable Distribution Period.

(c) Distribution Deadline for Death Benefit When Member or Former Member Dies Before His Distributions Begin. If a Member or former Member dies before the date distribution of his Nonforfeitable Interest in his Plan benefit begins, his entire Nonforfeitable Interest in his Plan benefit will be distributed, or begin to be distributed, to his Section 401(a)(9) Beneficiary no later than as follows:

(1) Unless clause (3) applies, if the Member's or former Member's surviving Spouse is the Member's or former Member's sole Section 401(a)(9) Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member or former Member died, or by December 31 of the calendar year in which the Member or former Member would have attained age 70 1/2 , if later.

(2) If the Member's or former Member's surviving Spouse is not the Member's or former Member's sole Section 401(a)(9) Beneficiary and the payment of Plan death benefits to the Section 401(a)(9) Beneficiary will not be in the form of a single sum or a commercial annuity, then distributions to the Section 401(a)(9) Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member or former Member died.

(3) If the payment of a Plan death benefit to the Section 401(a)(9) Beneficiary will be in the form of a single sum, then the Member's or former Member's entire Nonforfeitable Interest in his Plan benefit will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's or former Member's death.

(4) If there is no Section 401(a)(9) Beneficiary as of September 30 of the calendar year following the calendar year of the Member's or former Member's death, then the Member's or former Member's entire Nonforfeitable Interest in his Plan benefit will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's or former Member's death.

(5) If the Member's or former Member's surviving Spouse is the Member's or former Member's sole Section 401(a)(9) Beneficiary and the surviving Spouse dies after the Member or former Member but before distributions to the surviving Spouse begin, this Section 6.13(c), other than Section 6.13(c)(1), will apply as if the surviving Spouse were the Member.

Unless the Member's or former Member's interest is distributed in the form of an annuity or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Paragraph (b) of this Section 6.13.

(d) Distribution of Death Benefit When Member or Former Member Dies On or After His Required Beginning Date. If a Member or former Member dies on or after his Required Beginning Date, his Plan benefit must be distributed to his Section 401(a)(9) Beneficiary at least as rapidly as the method of payment of minimum required distributions being used as of the date of his death.

(e) Limitations on Death Benefits. Benefits payable under the Plan shall not be provided in any form that would cause a Member's or former Member's death benefit to be more than incidental. Any distribution required to satisfy the incidental benefit requirement shall be considered a required distribution for purposes of section 401(a)(9) of the Code.

(f) Requirements in the Case of a Commercial Annuity. If a Member's or former Member's Nonforfeitable Interest in his Plan benefit is distributed in the form of an annuity purchased from an insurance company, distributions under the annuity contract will be made in accordance with the requirements of section 401(a)(9) of the Code and Department of Treasury Regulations.

(g) Compliance with Section 401(a)(9). All distributions under the Plan will be made in accordance with the requirements of section 401(a)(9) of the Code and all Regulations promulgated thereunder, including, effective January 1, 2003, the Final Section 401(a)(9) Regulations, including sections 1.401(a)(9)-1 through 1.401(a)(9)-9 of the Final Section 401(a)(9) Regulations. The provisions of the Plan reflecting section 401(a)(9) of the Code override any distribution options in the Plan inconsistent with section 401(a)(9) of the Code.

6.14 **Consent to Distribution Upon Separation From Service.** Notwithstanding any other provision of the Plan, no benefit shall be distributed or commence to be distributed to a Member or former Member prior to his attainment of the later of age 62 or Retirement Age without his consent, unless the benefit is payable in a single sum under Section 6.09. Any such consent shall be valid only if given not more than 90 days prior to the Member's or former Member's Annuity Starting Date and after his receipt of the notice regarding benefits described in Section 6.15.

6.15 **Information Provided to Members.** Information regarding the form of benefits available under the Plan shall be provided to Members or former Members in accordance with the following provisions:

(a) *General Information*. Except as otherwise provided in paragraph (c), the Sponsor shall provide each Member or former Member with a written general explanation or description of (1) the eligibility conditions and other material features of the optional forms of benefit available under the Plan, (2) the relative values of the optional forms of benefit available under the Plan, and (3) the Member's or former Member's right, if any, to defer receipt of the distribution.

(b) *Time for Giving Notice*. The written general explanation or description regarding any optional forms of benefit available under the Plan shall be provided to a Member or former Member no less than 30 days and no more than 90 days before his Annuity Starting Date unless he legally waives this requirement.

Exception for Members with Small Benefit Amounts. Notwithstanding the preceding provisions of this Section, no information regarding any optional forms of benefit otherwise available under the Plan shall be provided to the Member or former Member if his benefit is payable in a single sum under Section 6.09.

6.16 **Designation of Beneficiary**. Each Member has the right to designate and to revoke the designation of his Beneficiary or Beneficiaries. Each designation or revocation must be evidenced by a written document in the form required by the Committee, signed by the Member and filed with the Committee. If no designation is on file at the time of a Member's death or if the Committee determines that the designation is ineffective, the designated Beneficiary shall be the Member's Spouse, if living, or if not, the executor, administrator or other personal representative of the Member's estate.

If a Member is considered to be married under local law, the Member's designation of any Beneficiary, other than the Member's Spouse, shall not be valid unless the Spouse acknowledges in writing that he or she understands the effect of the Member's beneficiary designation and consents to it. The consent must be to a specific Beneficiary. The written acknowledgement and consent must be filed with the Committee, signed by the Spouse and a witness who must be a notary public. However, if the Spouse cannot be located or there exist other circumstances as described in sections 401(a)(11) and 417(a)(2) of the Code, the requirement of the Member's Spouse's acknowledgement and consent may be waived. If a Beneficiary other than the Member's Spouse is named, the designation shall become invalid if the Member is later determined to be married under local law, the Member's missing Spouse is located or the circumstances which resulted in the waiver of the requirement of obtaining the consent of the Member's Spouse no longer exist.

6.17 **Distribution to Minor or Incapacitated Person**. If the Committee determines that any person to whom a payment is due is a minor or unable to care for his affairs because of physical or mental disability, it shall have the authority to cause the payments to be made to the person's parent, legal guardian, Spouse, brother, sister or other person whom the Committee determines. The Committee and the Trustee shall not be responsible to oversee the application of those payments. Payments made pursuant to this power shall be a complete discharge of all liability under the Plan and the Trust and the obligations of the Employer, the Trustee, the Trust and the Committee.

6.18 **Distribution Pursuant to Qualified Domestic Relations Order.** The Committee will instruct the Trustee to pay benefits in accordance with the terms of any order that has been determined, in accordance with Plan procedures, to be a Qualified Domestic Relations Order. A Qualified Domestic Relations Order may require the payment of an immediate lump sum (in cash or in shares of Employer Securities) to an alternate payee even if the Member or former Member is not then entitled to receive an immediate payment of Plan benefits.

6.19 **Distribution Prior to Separation From Service**. Prior to his Separation From Service, a Member may withdraw part or all of his Nonforfeitable Interest in his Account balances on or after the date on which he attains age 70½.

6.20 **Claims Procedure**. When a benefit is due, the Member, former Member or Beneficiary should submit a claim to the office designated by the Committee to receive claims.

Under normal circumstances, the Committee will make a final decision as to a claim within 90 days after receipt of the claim. If the Committee notifies the claimant in writing during the initial 90-day period, it may extend the period up to 180 days after the initial receipt of the claim. The written notice must contain the circumstances necessitating the extension and the anticipated date for the final decision. If a claim is denied during the claims period, the Committee must notify the claimant in writing. The denial must include the specific reasons for it, the Plan provisions upon which the denial is based, any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and the Plan's review procedures and time limits, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA.

If a Member's, former Member's or Beneficiary's claim is denied and he wants a review, he must apply to the Committee in writing. That application can include any arguments, written comments, documents, records, and other information relating to the claim for benefits. In addition, the claimant is entitled to receive on request and free of charge reasonable access to and copies of all information relevant to the claim. For this purpose, "relevant" means information that was relied on in making the benefit determination or that was submitted, considered or generated in the course of making the determination, without regard to whether it was relied on, and information that demonstrates compliance with the Plan's administrative procedures and safeguards for assuring and verifying that Plan provisions are applied consistently in making benefit determinations. The Committee must take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether the information was submitted or considered in the initial benefit determination. The claimant may either represent himself or appoint a representative, either of whom has the right to inspect all documents pertaining to the claim and its denial. The Committee can schedule any meeting with the claimant or his representative that it finds necessary or appropriate to complete its review. The request for review must be filed within 90 days after the denial. If it is not, the denial becomes final. If a timely request is made, the Committee must make its decision, under normal circumstances, within 60 days of the receipt of the request for review. However, if the Committee notifies the claimant prior to the expiration of the initial review period, it may extend the period of review up to 120 days following the initial receipt of the request for a review. All decisions of the Committee must be in writing and must include the specific reasons for its action, the Plan provisions on which its decision is based, and a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and a statement of the claimant's right to bring an action under section 502(a) of ERISA If a decision is not given to the claimant within the review period, the claim is treated as if it were denied on the last day of the review period.

ARTICLE VII

ACTIVE SERVICE

7.01 **When Active Service Begins.** An Employee shall receive one Year of Active Service credit for eligibility and vesting purposes each Computation Period described below in which he has 1,000 or more Hours of Employment with the Employer and all Affiliated Employers or a predecessor employer if the Employer maintains one or more of the predecessor's plans or that treatment is required under the Regulations.

7.02 **Eligibility and Vesting Computation Periods.** The initial Computation Period for eligibility is the 12-consecutive-month period starting with the Employee's first day of employment (or reemployment) for which he is entitled to be credited with one Hour of Employment. The eligibility Computation Period then shifts to the Plan Year that includes the Employee's first anniversary of employment (or reemployment) and remains on that schedule. The Computation Period for vesting purposes is the Plan Year.

7.03 **When An Employee Severs Service**. An Employee shall sever Service as of the beginning of a Computation Period if he is not credited with at least 501 Hours of Employment with the Employer and all Affiliated Employers during the Computation Period unless he is credited with less than 501 Hours of Employment because: (a) he is transferred; (b) he is on an approved leave of absence that does not exceed 18 months and he returns to employment immediately following the leave of absence; or (c) he is temporarily laid off, and he returns to employment immediately following the temporary layoff. Solely for the purpose of determining whether an Employee has severed Service, if the Employee is absent from Service because of her pregnancy, the birth of her child, his or her receipt of a child through adoption, or his or her caring for the child immediately after birth or adoption, he or she shall be entitled to the Hours of Employment that he or she would have received but for that absence for one year after the absence began. Eight hours of Service shall be credited for each day of absence. But, no more than a total of 501 hours can be credited. The 501 hours shall be credited to the Computation Period in which the absence first begins if they shall prevent a severance from Service in that period; otherwise, the 501 hours shall be credited to the next Computation Period.

7.04 **Periods of Severance.** If an Employee severs Service at a time when: (a) he has no vested interest in Employer Contributions allocated to his Accounts, (b) the Period of Severance is continuous for five years or more, and (c) the Period of Severance is equal to or longer than the prior Period of Service, then any prior Period of Service shall not count as Active Service for eligibility or vesting.

7.05 **Employment Records Conclusive.** The employment records of the Employer shall be conclusive for all determinations of Active Service.

7.06 **Service Credit Required under Federal Law.** An Employee shall be credited with such additional years of Active Service as is required under any applicable law of the United States.

ARTICLE VIII

FORFEITURES

8.01 **Forfeiture by Lost Former Members or Beneficiaries**. If a person who is entitled to a distribution cannot be located during a reasonable search after the Trustee has initially attempted making payment, that person's Accounts shall be forfeited. However, if at any time prior to the termination of the Plan and the complete distribution of the Trust assets, the former Member or Beneficiary files a claim with the Committee for the forfeited benefit, that benefit shall be reinstated (without adjustment for Trust income or losses during the forfeited period) effective as of the date of the receipt of the claim. Following the Employer's contribution of the reinstated amount, it shall be paid to the former Member or Beneficiary under the method permitted in Section 6.06 selected by him.

8.02 **Forfeiture on Termination of Participation**.

(a) If as a result of his Separation From Service a former Member receives (or is deemed to receive under Section 6.09), a distribution of his entire Nonforfeitable Interest in amounts credited to his Accounts, the nonvested amount in his ESOP Account and Employer Contribution Account will be immediately forfeited upon the distribution.

(b) If a former Member receives no distribution as a result of his Separation From Service, the nonvested amount in amounts credited to his ESOP Account and Employer Contribution Account will be permanently forfeited (with no right of reinstatement under Section 8.04) on the *later* of the date of his Separation From Service or the date on which he has incurred a Period of Severance of five consecutive years.

8.03 **Allocation of Forfeitures**. At the time a forfeiture occurs, the amount forfeited will first be used to reinstate any Accounts required to be reinstated under Section 8.01 or 8.04, and any remaining amount will be allocated to Members at the same time and in the same way as Employer Contributions.

8.04 **Restoration of Forfeited Amounts**. If a Member or former Member who forfeited any portion of his ESOP Account and Employer Contribution Account pursuant to the provisions of Section 8.02 resumes employment covered under the Plan, then the following provisions shall apply:

(a) **Repayment Requirement**. The Member's ESOP Account and Employer Contribution Account shall be restored if he repays to the Trustee, in cash, the full amount of any distribution from the ESOP Account and Employer Contribution Account with respect to which the forfeiture arose. A Member who is deemed to have received a distribution under Section 6.09 (because he had no Nonforfeitable Interest in amounts credited to his Account) shall be deemed to have repaid his Account balance in shares of Common Stock upon his reemployment if he is reemployed before the earlier of the dates specified in clauses (i) and (ii) of the preceding sentence. Any such repayment must be made prior to the earlier of (i) the date on which he incurs a Period of Severance of five years commencing after his distribution, or (ii) the fifth anniversary of the first date on which the Member is subsequently re-employed by the Employer.

(b) **Amount Restored.** The amount to be restored under the preceding provisions of this Section shall be the dollar value of the amount in the Member's ESOP Account and Employer Contribution Account, both the amount distributed and the amount forfeited (determined as of the date of the distribution or deemed distribution), unadjusted by any subsequent gains or losses. The Member's ESOP Account and Employer Contribution Account balance shall be restored as soon as administratively practicable after the later of the date the Member resumes employment covered under the Plan or the date on which any required repayment is completed. No distribution shall be made to a Member from his ESOP Account and Employer Contribution Account as a result of a prior Separation From Service after the restoration of such Account has been effectuated.

(c) **No Other Basis for Restoration.** Except as otherwise provided above, an Employee's ESOP Account and Employer Contribution Account shall not be restored upon his resumption of employment.

8.05 **Forfeiture of Financed Shares**. If a portion of a Member's or former Member's Account is forfeited, Financed Shares allocated to that Account shall be forfeited only after other assets. If the Financed Shares allocated to a Member's or former Member's Account consist of more than one class of Employer Securities, the same proportion of each class shall be forfeited.

ARTICLE IX

ADMINISTRATION OF THE PLAN

9.01 **Appointment, Term of Service & Removal**. The Board shall appoint a Committee to administer this Plan. The members shall serve until their resignation, death or removal. Any member may resign at any time by mailing a written resignation to the Board. Any member may be removed by the Board, with or without cause. Vacancies may be filled by the Board from time to time.

9.02 **Powers**. The Committee is a fiduciary. It has the exclusive responsibility for the general administration of the Plan, and has all powers necessary to accomplish that purpose, including but not limited to the following rights, powers, and authorities:

(a) To make rules for administering the Plan so long as they are not inconsistent with the terms of the Plan;

(b) To construe all provisions of the Plan;

(c) To correct any defect, supply any omission, or reconcile any inconsistency which may appear in the Plan;

(d) To select, employ, and compensate at any time any consultants, actuaries, accountants, attorneys, and other agents and employees the Committee believes necessary or advisable for the proper administration of the Plan; any firm or person selected may be a disqualified person but only if the requirements of section 4975(d) of the Code have been met;

(e) To determine all questions relating to eligibility, Active Service, Considered Compensation, allocations and all other matters relating to benefits or Members' or former Members' entitlement to benefits;

(f) To determine all controversies relating to the administration of the Plan, including but not limited to any differences of opinion arising between an Employer and the Trustee or a Member, or any combination of them and any questions it believes advisable for the proper administration of the Plan;

(g) To direct the Trustee in all matters relating to the payment of Plan benefits; and

(h) To delegate any clerical or recordation duties of the Committee as the Committee believes is advisable to properly administer the Plan.

The actions of the Committee in exercising all of the rights, powers, and authorities set out in this Section and all other Sections of this Plan, when performed in good faith and in its sole judgment, shall be final, conclusive and binding on all parties.

9.03 **Organization**. The Committee may select, from among its members, a chairman, and may select a secretary. The secretary need not be a member of the Committee. The secretary shall keep all records, documents and data pertaining to its administration of the Plan and Trust.

9.04 **Quorum and Majority Action**. A majority of the Committee constitutes a quorum for the transaction of business. The vote of a majority of the members present at any meeting shall decide any question brought before that meeting. In addition, the Committee may decide any question by a vote, taken without a meeting, of a majority of its members.

9.05 **Signatures**. The chairman, the secretary and any one or more of the members of the Committee to which the Committee has delegated the power shall each, severally, have the power to execute any document on behalf of the Committee, and to execute any certificate or other written evidence of the action of the Committee. The Trustee, after it is notified of any delegation of power in writing, shall accept and may rely upon any document executed by the appropriate member or members as representing the action of the Committee until the Committee files a written revocation of that delegation of power with the Trustee.

9.06 **Disqualification of Committee Member**. A member of the Committee who is also a Member of this Plan shall not vote or act upon any matter relating solely to himself.

9.07 **Disclosure of Records**. The Committee shall make available to each Member, former Member and Beneficiary for his examination those records, documents and other data required under ERISA, but only at reasonable times during business hours. No Member, former Member or Beneficiary has the right to examine any data or records reflecting the compensation paid to any other Member, former Member or Beneficiary. The Committee is not required to make any other data or records available other than those required by ERISA.

9.08 **Standard of Performance**. The Committee and each of its members shall use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in conducting his business as the administrator of the Plan.

9.09 **Liability of Committee and Liability Insurance**. No member of the Committee shall be liable for any act or omission of any other member of the Committee, the Trustee, or any other agent appointed by the Committee unless required by the terms of ERISA or another applicable state or federal law under which liability cannot be waived. No member of the Committee shall be liable for any act or omission of his own unless required by ERISA or another applicable state or federal law under which liability cannot be waived.

If the Committee directs the Trustee to do so, it may purchase out of the Trust Fund insurance for the members of the Committee, for any other fiduciaries appointed by the Committee and for the Trust Fund itself to cover liability or losses occurring because of the act or omission of any one or more of the members of the Committee or any other fiduciary appointed under this Plan. But, that insurance must permit recourse by the insurer against the members of the Committee or the other fiduciaries concerned if the loss is caused by breach of a fiduciary obligation by one or more members of the Committee or other fiduciary.

9.10 **Exemption from Bond**. No member of the Committee is required to give bond for the performance of his duties unless required by a law which cannot be waived.

9.11 **Compensation**. The Committee shall serve without compensation but shall be reimbursed by the Employer for all expenses properly incurred in the performance of their duties unless the Sponsor elects to have those expenses paid from the Trust Fund. Each Employer shall pay that part of the expense as determined by the Committee in its sole judgment.

9.12 **Persons Serving in Dual Fiduciary Roles**. Any person, group of persons, corporation, firm or other entity, may serve in more than one fiduciary capacity with respect to this Plan, including serving as both Trustee and as a member of the Committee.

9.13 **Administrator**. For all purposes of ERISA, the administrator of the Plan is the Sponsor. The administrator has the final responsibility for compliance with all reporting and disclosure requirements imposed under all applicable federal or state laws and regulations.

9.14 **Standard of Judicial Review of Committee Actions**. The Committee has full and absolute discretion in the exercise of each and every aspect of its authority under the Plan, including without limitation, the authority to determine any person's right to benefits under the Plan, the correct amount and form of any such benefits, the authority to decide any appeal, the authority to review and correct the actions of any prior administrative committee, and all of the rights, powers, and authorities specified in this Article IX and the Plan. Notwithstanding, any provision of law or any explicit or implicit provision of this document or any action taken, or ruling or decision made, by the Committee in the exercise of any of its powers and authorities under the Plan shall be final and conclusive as to all parties other than the Sponsor or Trustee, including without limitation all Members, former Members and Beneficiaries, regardless of whether the Committee or one or more members thereof may have an actual or potential conflict of interest with respect to the subject matter of such action, ruling, or decision. No such final action, ruling, or decision of the Committee shall be subject to de novo review in any judicial proceeding; and no such final action, ruling, or decision of the Committee may be set aside unless it is held to have been arbitrary and capricious by a final judgment of a court having jurisdiction with respect to the issue.

9.15 **Indemnification of Committee by the Sponsor**. The Sponsor shall indemnify and hold harmless the Committee, the Committee members, and any persons to whom the Committee has allocated or delegated its responsibilities in accordance with the provisions hereof, as well as any other fiduciary who is also an officer, director, or Employee of an Employer, and hold each of them harmless from and against all claims, loss, damages, expense, and liability arising from their responsibilities in connection with the administration of the Plan which is not otherwise paid or reimbursed by insurance, unless the same shall result from their own willful misconduct.

ARTICLE X

VOTING OF EMPLOYER SECURITIES AND TENDER OFFERS

10.01 **Voting of Employer Securities**. As the Employer has Registration Type Securities, each Member, former Member or Beneficiary is entitled to direct the Trustee as to the manner in which voting rights under Employer Securities that are credited to his Accounts (both vested and unvested) are to be exercised with respect to any matter.

Each Member, former Member and Beneficiary who has a voting right hereunder shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the number of shares of the Employer Securities reflecting his proportional interest in the Employer Securities held in the Trust (both vested and unvested). Directions from a Member, former Member or Beneficiary to the Trustee concerning the voting of the Employer Securities shall be communicated in writing, or by mailgram or similar means. Upon its receipt of the directions, the Trustee shall vote the shares of the Employer Securities reflecting the Member's, former Member's or Beneficiary's proportional interest in the Employer Securities held in the Trust as directed by him. The Trustee shall vote shares of the Employer Securities reflecting such Member's, former Member's or Beneficiary's proportional interest in the Employer Securities held in the Trust (both vested and unvested) for which it has received no directions from him in the same proportion on each issue as it votes those shares for which it received voting directions from Members, former Members and Beneficiaries. The Trustee shall vote shares of the Employer Securities not credited to Members', former Members' or Beneficiaries' Accounts in the same proportion on each issue as it votes those shares credited to Members', former Members' or Beneficiaries' Accounts for which it received voting directions from Members, former Member or Beneficiaries.

10.02 **Tender Offers**. This Section 10.02 applies to the extent that Section 4.08 does not apply. Upon the commencement of a tender offer for any securities held in the Trust that are the Employer Securities, the Sponsor shall notify each Member, former Member or Beneficiary of the tender offer and utilize its best efforts to timely distribute or cause to be distributed to each Member, former Member or Beneficiary the same information that is distributed to other stockholders of the Sponsor in connection with the tender offer, and, after consulting with the Trustee, shall provide and pay for a means by which the Member, former Member or Beneficiary may direct the Trustee whether or not to tender the Employer Securities credited to his vested and unvested Accounts. The Sponsor shall provide the Trustee with a copy of any material provided to the Members, former Members and Beneficiaries and shall certify to the Trustee that the materials have been mailed or otherwise sent to Members, former Members and Beneficiaries.

Each Member, former Member and Beneficiary shall have the right to direct the Trustee to tender or not to tender some or all of the shares of the Employer Securities reflecting his proportional interest in the Employer Securities held in the Trust (both vested and unvested). Directions from a Member, former Member or Beneficiary to the Trustee concerning the tender of the Employer Securities shall be communicated in writing, or by mailgram or such similar means as is agreed upon by the Trustee and the Sponsor under the preceding paragraph. These directions shall be held in confidence by the Trustee and shall not be divulged to the Sponsor, or any officer or employee thereof, or any other person except to the extent that the consequences of such directions are reflected in reports regularly communicated to any such persons in the ordinary course of the performance of the Trustee's services hereunder. The Trustee shall tender or not tender shares of Employer Securities as directed by the Member, former Member or Beneficiary. To the extent that Members, former Members and Beneficiaries fail to affirmatively direct the Trustee or fail to issue valid directions to the Trustee to tender shares of the Employer Securities credited to their Accounts, they will be deemed to have instructed the Trustee not to tender those shares. Accordingly, the Trustee shall not tender shares of Employer Securities credited to a Member's, former Member's or Beneficiary's Accounts for which it has received no directions or invalid directions from him.

Unless more than 50 percent of the shares of Employer Securities allocated to Accounts at the time of any tender offer are tendered pursuant to the preceding provisions of this Section, none of the shares not so allocated shall be tendered or exchanged by the Trustee pursuant to the offer. If more than 50 percent of the shares so allocated are tendered pursuant to the preceding provisions of this Section, then all the shares not so allocated shall be submitted by the Trustee for tender or exchange pursuant to the tender offer.

A Member, former Member or Beneficiary who has directed the Trustee to tender some or all of the shares of the Employer Securities credited to his Accounts may, at any time prior to the tender offer withdrawal date, direct the Trustee to withdraw some or all of the tendered shares, and the Trustee shall withdraw the directed number of shares from the tender offer prior to the tender offer withdrawal deadline. Prior to the withdrawal deadline, if any shares of the Employer Securities not credited to Members', former Members' or Beneficiaries' Accounts have been tendered, the Trustee shall redetermine the number of shares of the Employer Securities that would be tendered under this Section if the date of the foregoing withdrawal were the date of determination, and withdraw from the tender offer the number of shares of the Employer Securities not credited to Members', former Members' or Beneficiaries' Accounts necessary to reduce the amount of tendered Employer Securities not credited to Members', former Members' or Beneficiaries' Accounts to the amount so redetermined. A Member, former Member or Beneficiary shall not be limited as to the number of directions to tender or withdraw that he may give to the Trustee.

A direction by a Member, former Member or Beneficiary to the Trustee to tender shares of the Employer Securities reflecting his proportional interest in the Employer Securities held in the Trust shall not be considered a written election under the Plan by him to withdraw, or have distributed, any or all of his withdrawable shares. The Trustee shall credit to each proportional interest of the Member, former Member or Beneficiary from which the tendered shares were taken the proceeds received by the Trustee in exchange for the shares of the Employer Securities tendered from that interest.

10.03 **Shares Credited**. For all purposes of this Article, the number of shares of the Employer Securities deemed "credited" to a Member's, former Member's or Beneficiary's Accounts as of the relevant date (the record date or the date specified in the tender offer) shall be calculated by reference to the number of shares reflected on the books of the transfer agent as of the relevant date. In the case of a tender offer, the number of shares credited shall be determined as of a date as close as administratively feasible to the relevant date.

10.04 **Conversion**. All provisions in this Article shall also apply to any securities received as a result of a conversion of the Employer Securities.

10.05 **Named Fiduciary**. Each Member, former Member or Beneficiary shall be the named fiduciary for purposes of ERISA in connection with the exercise of voting and tender offer rights relating to shares of the Employer Securities credited to his Accounts and any shares of the Employer Securities not credited to his Accounts that may be affected by his voting or tender decision.

ARTICLE XI

TRUST FUND AND CONTRIBUTIONS

11.01 **Funding of Plan**. The Plan shall be funded by one or more separate Trusts. If more than one Trust is used, each Trust shall be designated by the name of the Plan followed by a number assigned by the Committee at the time the Trust is established.

11.02 **Incorporation of Trust**. Each Trust is a part of the Plan. All rights or benefits which accrue to a person under the Plan shall be subject also to the terms of the agreements creating the Trust or Trusts and any amendments to them which are not in direct conflict with the Plan.

11.03 **Authority of Trustee**. The Trustee shall have full title and legal ownership of the assets in the separate Trust which, from time to time, is in his separate possession. No other Trustee shall have joint title to or joint legal ownership of any asset in one of the other Trusts held by another Trustee. The Trustee shall be governed separately by the trust agreement entered into between the Employer and that Trustee and the terms of the Plan without regard to any other agreement entered into between any other Trustee and the Employer as a part of the Plan.

11.04 **Investments in Employer Securities.** The Plan is designed to invest primarily in Employer Securities. Except as may be necessary to comply with its fiduciary duties under ERISA, or to satisfy the Plan's liquidity needs, the Trustee shall cause the Plan assets to be invested primarily in Employer Securities. Up to 100 percent of the Plan's assets may be invested in Employer Securities.

11.05 **Acquisition Loans.** The Committee may direct the Trustee to incur an Acquisition Loan on behalf of the Trust in a manner and under conditions which will cause the Acquisition Loan to be an "exempt loan" within the meaning of section 4975(d)(3) of the Code and Regulations thereunder. An Acquisition Loan shall be used primarily for the benefit of Plan Members and their Beneficiaries. The proceeds of each such Acquisition Loan shall be used within a reasonable time after the Acquisition Loan is obtained only to purchase Employer Securities, to repay the Acquisition Loan or to repay any prior Acquisition Loan. Any such Acquisition Loan shall provide for a reasonable rate of interest, an ascertainable period of maturity and shall be without recourse against the Plan. Any such Acquisition Loan shall be secured solely by shares of Employer Securities acquired with the proceeds of the Acquisition Loan and shares of Employer Securities that were used as collateral on a prior Acquisition Loan which was repaid with the proceeds of the current Acquisition Loan. No person entitled to payment under an Acquisition Loan made pursuant to this Section shall have any right to assets of the Trust Fund other than the Financed Shares used as collateral for the Acquisition Loan, Debt Reduction Contributions and other Employer Contributions (other than contributions of Employer Securities) that are available to meet obligations under the Acquisition Loan and earnings attributable to the Financed Shares used as collateral for the Acquisition Loan and the investment of such contributions. Debt Reduction Contributions made with respect to any Plan Year during which the Acquisition Loan remains unpaid, and earnings on such contributions, shall be deemed available to meet obligations under the Acquisition Loan, unless otherwise provided by the Employer at the time such contributions are made. Financed Shares pledged as collateral shall be placed in a Suspense Account and released pursuant to the provisions of Section 4.06 as the Acquisition Loan is repaid. Financed Shares released from the Suspense Account shall be allocated in the manner described in Section 4.06.

ARTICLE XII

DIVERSIFICATION ELECTION

Within 90 days after the close of each Plan Year in the Diversification Election Period, a Qualified Member may elect to direct the Trustee to distribute to the Qualified Member a portion of his ESOP Account. The maximum amount with respect to which such election may be made in any Plan Year shall be equal to 25 percent of the total number of shares of Employer Securities that have ever been allocated to the Qualified Member's Account on or before the most recent date for allocation of Employer Contributions under Section 4.01 of the Plan minus the number of shares of Employer Securities previously distributed pursuant to an election made under this Section, *provided*, *however*, that such resulting number of shares may be rounded up or down to the nearest whole integer. For the last Plan Year of the Diversification Election Period, "50 percent" shall be substituted for "25 percent" in applying the preceding sentence. A distribution made pursuant to an election under this Section 11.05 shall be made by the Plan to the Qualified Member within 90 days after the period during which the election may be made.

ARTICLE XIII

ADOPTION OF PLAN BY OTHER EMPLOYERS

13.01 **Adoption Procedure**. Any business organization that is an Affiliated Employer with respect to the Sponsor may adopt the Plan for all or any classification of its Employees by depositing with the Sponsor:

(a) a duly executed adoption agreement setting forth agreement to be bound as an Employer by all the terms, provisions, conditions and limitations of the Plan except those, if any, specifically set forth in the adoption agreement;

(b) all other information required by the Sponsor; and

(c) the written consent of the Sponsor to the adoption of the Plan.

An adoption may be retroactive to the beginning of a Plan Year if these conditions are complied with on or before the last day of that Plan Year.

13.02 **No Joint Venture Implied**. The document which evidences the adoption of the Plan by an Employer shall become a part of this Plan. However, neither the adoption of this Plan and its related Trust Fund by an Employer nor any act performed by it in relation to this Plan and its related Trust Fund shall ever create a joint venture or partnership relation between it and any other Employer.

13.03 **All Trust Assets Available to Pay All Benefits**. The Accounts of Members employed by the Employers which adopt this Plan shall be commingled for investment purposes. All assets in the Trust Fund shall be available to pay benefits to all Members employed by any Employer which is an Affiliated Employer with the first Employer.

13.04 **Qualification a Condition Precedent to Adoption and Continued Participation**. The adoption of this Plan and the Trust used to fund this Plan by a business organization is contingent upon and subject to the express condition precedent that the initial adoption meets all statutory and regulatory requirements for qualification of the Plan and the exemption of the Trust and that the Plan and the Trust that are applicable to it continue in operation to maintain their qualified and exempt status. In the event the adoption fails to initially qualify and be exempt, the adoption shall fail retroactively for failure to meet the condition precedent and the portion of the Trust Fund applicable to the adoption shall be immediately returned to the adopting business organization and the adoption shall be void ab initio. In the event the adoption as to a given business organization later becomes disqualified and loses its exemption for any reason, the adoption shall fail retroactively for failure to meet the condition precedent and the portion of the Trust Fund allocable to the adoption by that business organization shall be immediately spun off, retroactively as of the last date for which the Plan qualified, to a separate Trust for its sole benefit and an identical but separate Plan shall be created, retroactively effective as of the last date the Plan as adopted by that business organization qualified, for the benefit of the Members covered by that adoption.

ARTICLE XIV

AMENDMENT AND TERMINATION

14.01 **Right to Amend and Limitations Thereon**. The Sponsor has the sole right to amend this Plan. An amendment may be made by a certified resolution or consent of the Board, or by an instrument in writing executed by the appropriate officer of the Sponsor. The amendment must describe the nature of the amendment and its effective date. No amendment shall:

(a) vest in an Employer any interest in the Trust Fund;

(b) cause or permit the Trust Fund to be diverted to any purpose other than the exclusive benefit of the present or future Members and their Beneficiaries;

(c) decrease the Account of any Member or eliminate an optional form of payment;

(d) change the vesting schedule to one which would result in the nonforfeitable percentage of the Account derived from Employer Contributions (determined as of the later of the date of the adoption of the amendment or of the effective date of the amendment) of any Member being less than the nonforfeitable percentage computed under the Plan without regard to the amendment. If the Plan's vesting schedule is amended, if the Plan is amended in any other way that affects the computation of the Member's nonforfeitable percentage, or if the Plan is deemed amended by an automatic change to or from a Top-Heavy vesting schedule, each Member with at least three Years of Service shall be deemed to have elected to have the nonforfeitable percentage computed under the Plan without regard to the amendment or the change if that method is more favorable for him.

Each Employer shall be deemed to have adopted any amendment made by the Sponsor.

14.02 **Amendment Applicable Only to Members Still Employed Unless Amendment Specifically Provides Otherwise**. No benefit for any person who died, retired, became disabled or separated prior to the execution of an amendment shall be charged an amount or subject to adjustments provided in the Plan amendment. Instead, those persons who died, retired, became disabled or separated prior to the execution of an amendment shall be entitled to the benefit as adjusted from time to time as was provided by the Plan at the time the person first became entitled to his benefit unless the amendment specifically provides otherwise.

14.03 **Mandatory Amendments**. The Contributions of each Employer to this Plan are intended to be:

(a) deductible under the applicable provisions of the Code;

(b) except as otherwise prescribed by applicable law, exempt from the Federal Social Security Act;

(c) except as otherwise prescribed by applicable law, exempt from withholding under the Code; and

(d) excludable from any Employee's regular rate of pay, as that term is defined under the Fair Labor Standards Act of 1938, as amended.

The Sponsor shall make any amendment necessary to carry out this intention, and it may be made retroactively.

14.04 **Withdrawal of Employer**. An Employer may withdraw from this Plan and its related Trust Fund by giving written notice of its intent to withdraw to the Committee. The Committee shall then determine the portion of the Trust Fund that is attributable to the Members employed by the withdrawing Employer and shall notify the Trustee to segregate and transfer those assets to the successor Trustee or Trustees when it receives a designation of the successor from the withdrawing Employer.

A withdrawal shall not terminate the Plan and its related Trust Fund with respect to the withdrawing Employer, if the Employer either appoints a successor Trustee or Trustees and reaffirms this Plan and its related Trust Fund as its new and separate plan and trust intended to qualify under section 401(a) of the Code, or establishes another plan and trust intended to qualify under section 401(a) of the Code.

The determination of the Committee, in its sole discretion, of the portion of the Trust Fund that is attributable to the Members employed by the withdrawing Employer shall be final and binding upon all parties; and, the Trustee's transfer of those assets to the designated successor Trustee shall relieve the Trustee of any further obligation, liability or duty to the withdrawing Employer, the Members employed by that Employer and their Beneficiaries, and the successor Trustee or Trustees.

14.05 **Termination of the Plan**. The Sponsor may terminate this Plan and its related Trust Fund with respect to all Employers by executing and delivering to the Committee and the Trustee, a notice of termination, specifying the date of termination. Any Employer may terminate this Plan and its related Trust Fund with respect to itself by executing and delivering to the Trustee a notice of termination, specifying the date of termination. Likewise, this Plan and its related Trust Fund shall automatically terminate with respect to any Employer if there is a general assignment by that Employer to or for the benefit of its creditors, or a liquidation or dissolution of that Employer without a successor. Upon the termination of this Plan as to an Employer, the Trustee shall distribute to each Member employed by the terminating Employer the amount certified by the Committee to be due the Member.

The Employer should apply to the Internal Revenue Service for a determination letter with respect to its termination, and the Trustee should not distribute the Trust Funds until a determination is received. However, should it decide that a distribution before receipt of the determination letter is necessary or appropriate, it should retain sufficient assets to cover any tax that may become due upon that determination.

14.06 **Partial or Complete Termination or Complete Discontinuance**. Without regard to any other provision of this Plan, if there is a partial or total termination of this Plan or there is a complete discontinuance of the Employer's Contributions, each of the affected Members shall immediately have a fully Nonforfeitable Interest in amounts credited to his Accounts as of the end of the last Plan Year for which a substantial Employer Contribution was made and in any amounts later allocated to his Accounts. If the Employer then resumes making substantial Contributions at any time, the appropriate vesting schedule shall again apply to all amounts allocated to each affected Member's Accounts beginning with the Plan Year for which they were resumed.

ARTICLE XV

MISCELLANEOUS

15.01 **Plan Not An Employment Contract**. The adoption and maintenance of this Plan and its related Trust Fund is not a contract between the Employer and its Employees which gives any Employee the right to be retained in its employment. Likewise, it is not intended to interfere with the rights of the Employer to discharge any Employee at any time or to interfere with the Employee's right to terminate his employment at any time.

15.02 **Benefits Provided Solely From Trust**. All benefits payable under this Plan shall be paid or provided for solely from the Trust Fund. The Employer assumes no liability or responsibility to pay any benefit provided by the Plan.

15.03 **Assignments Prohibited**. No principal or income payable or to become payable from the Trust shall be subject to anticipation or assignment by a Member, former Member or Beneficiary to attachment by, interference with, or control of any creditor of a Member, former Member or Beneficiary; or to being taken or reached by any legal or equitable process in satisfaction of any debt or liability of a Member, former Member or Beneficiary prior to its actual receipt by the Member, former Member or Beneficiary. Any attempted conveyance, transfer, assignment, mortgage, pledge, or encumbrance of the Trust, any part of it, or any interest in it by a Member, former Member or Beneficiary prior to distribution shall be void, whether that conveyance, transfer, assignment, mortgage, pledge, or encumbrance is intended to take place or become effective before or after any distribution of Trust assets or the termination of the Trust itself. The Trustee shall never under any circumstances be required to recognize any conveyance, transfer, assignment, mortgage, pledge or encumbrance by a Member, former Member or Beneficiary of the Trust, any part of it, or any interest in it, or to pay any money or thing of value to any creditor or assignee of a Member, former Member or Beneficiary for any cause whatsoever. These prohibitions against the alienation of a Member's or former Member's Account shall not apply to a Qualified Domestic Relations Order or to a voluntary revocable assignment of benefits not in excess of ten percent of the amount of any payment from the Plan if such assignment complies with Regulations issued under section 401(a)(13) of the Code. Further, effective for judgments, orders and decrees issued, and settlement agreements entered into, on or after August 5, 1997, these prohibitions shall not apply to any offset of a Member's or former Member's benefit under the Plan against an amount that the Member or former Member is ordered or required to pay to the Plan if (a) the order or requirement to pay (1) arises under a judgment of conviction for a crime involving the Plan, (2) arises under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation or an alleged violation of part 4 of subtitle B of title I of ERISA, or (3) is pursuant to a settlement agreement between the Secretary of Labor and the Member or former Member in connection with an alleged violation of part 4 of subtitle B of title I of ERISA by a fiduciary or any other person and (b) the judgment, order, decree or settlement agreement expressly provides for the offset of all or a part of the amount ordered or required to be paid to the Plan against the Member's or former Member's benefits provided under the Plan.

15.04 **Requirements Upon Merger or Consolidation of Plans**. This Plan shall not merge or consolidate with or transfer any assets or liabilities to any other plan unless each Member or former Member would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

15.05 **Gender of Words Used**. If the context requires it, words of one gender when used in this Plan shall include the other genders, and words used in the singular or plural shall include the other.

15.06 **Right of First Refusal and Put Option Right if Stock is Not Publicly Traded or is Subject to a Trading Limitation**. Any shares of any class of Employer Securities that is not Publicly Traded when distributed shall be subject to a right of first refusal. The right of first refusal shall provide that, prior to any subsequent transfer while the Employer Securities is not Publicly Traded, the Employer Securities must be offered in writing for sale to the Employer, and then if refused by the Employer, to the Plan, at the greater of (a) the then fair market value of the Employer Securities or (b) the purchase price and other terms offered in a bona fide written offer by an independent prospective buyer. The Employer and the Plan shall have a total of 14 days from the date the Employer receives the offer to exercise the right of first refusal. A Member, former Member or Beneficiary entitled to a distribution of Employer Securities may be required to execute an appropriate stock transfer agreement (evidencing the right of first refusal) prior to receiving a certificate for Employer Securities.

Employer Securities shall be subject to a put option if not Publicly Traded when distributed or if subject to a Trading Limitation when distributed. The put option shall permit the Member or former Member (and his donees, his estate, any distributee of his estate, or any other person to whom the Employer Securities passes by reason of his death) to sell the Employer Securities to the Employer, at any time during two option periods, at its then fair market value. The Plan shall have the option to assume the rights and obligations of the Employer with respect to a put option at the time that the option is exercised. The first put option period shall be a period of 60 days beginning on the date of distribution of the Employer Securities. The second put option period shall be a period of 60 days in the next Plan Year beginning on the day the option holder is notified in writing of the new determination of the fair market value of the Employer Securities. If the Employer Securities is Publicly Traded without restriction when distributed, but ceases to be so traded within 15 months after distribution, the Employer shall notify each holder of the Employer Securities in writing on or before the tenth day after the date the Employer Securities ceases to be so traded that those shares of Employer Securities shall be subject to a put option for a 60-day period beginning on the date of the notice. The notice shall inform distributees of the terms of the put options that they are to be granted, which terms shall comply with the provisions of this Section. The periods during which the put option is exercisable do not include any time when a distributee is unable to exercise it, because the Employer (or other party bound by the put option) is prohibited from honoring it by applicable federal or state law. The put option shall be exercised by the holder notifying the Employer in writing that the option is being exercised. If the Employer is required to repurchase Employer Securities that is distributed to the former Member or Beneficiary as part of a total distribution, the amount to be paid for the Employer Securities shall be paid in substantially equal annual payments over a five-year period beginning not later than 30 days after the exercise of the put option. The Employer shall provide adequate security for payment of the obligation, and interest shall be payable at a reasonable rate on any unpaid balance of the obligation. If the Employer is required to repurchase Employer Securities as part of an installment distribution, the amount to be paid for the Employer Securities shall be paid not later than 30 days after the exercise of the put option. For purposes of this Section, the term "total distribution" means the distribution within one taxable year to the recipient of the balance to the credit of the recipient's Accounts.

Except as otherwise provided in Section 15.06, no Employer Securities held or distributed by the Trustee may be subject to a put, call, or other option, or buy-sell or similar arrangement. The provisions of this Section shall continue to be applicable to Employer Securities even if the Plan ceases to be an employee stock ownership plan under Section 4975(e)(7) of the Code.

15.07 **Severability**. Each provision of this Agreement may be severed. If any provision is determined to be invalid or unenforceable, that determination shall not affect the validity or enforceability of any other provision.

15.08 **Reemployed Veterans**. The requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 will be complied with in the operation of the Plan in the manner permitted under section 414(u) of the Code. Effective January 12, 1994, notwithstanding any other provision of the Plan, Contributions and Years of Active Service with respect to a person who has engaged in qualified military service will be provided in accordance with section 414(u) of the Code.

15.09 **Limitations on Legal Actions.** No person may bring an action pertaining to the Plan or Trust until he has exhausted his administrative claims and appeal remedies identified in Section 6.18. Further, no person may bring an action pertaining to a claim for benefits under the Plan or the Trust following 365 days after the Committee's final denial of his claim for benefits.

15.10 **Governing Law**. The provisions of this Plan shall be construed, administered, and governed under the laws of the State of Texas and, to the extent applicable, by the laws of the United States.

15.11 **Prohibition of Qualified Gratuitous Transfers**. The Plan shall not accept any qualified gratuitous transfers as defined under section 664(g) of the Code.

IN WITNESS WHEREOF, The Men's Wearhouse, Inc. has caused this Agreement to be executed effective as of the 31st day of December, 2006, except to the extent that a different effective date is specified herein or required by law.

THE MEN'S WEARHOUSE, INC.

By: /s/ Kirk Warren

Title: VP, Benefits & Administration

Date: 12/31/06

APPENDIX A
LIMITATIONS ON CONTRIBUTIONS AND ALLOCATIONS

PART A.1 *Definitions*

Definitions. As used herein the following words and phrases have the meanings attributed to them below:

A.1.1 "***Annual Additions***" means the sum of the following amounts credited on behalf of a Participant for the Limitation Year: (a) Employer contributions excluding catch-up before-tax contributions described in section 414(v) of the Code and including before-tax contributions, (b) Employee after-tax contributions, and (c) forfeitures. For this purpose, Employee contributions are determined without regard to any rollover contributions (as defined in sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3) and 457(e)(16) of the Code without regard to employee contributions to a simplified employee pension which are excludable from gross income under section 408(k)(6) of the Code). Excess 401(k) Contributions for a Plan Year are treated as Annual Additions for that Plan Year even if they are corrected through distribution. Excess deferrals described in section 402(g) of the Code that are timely distributed will not be treated as Annual Additions.

A.1.2 "***Excess Amount***" means the excess of the Annual Additions credited to the Participant's Account for the Limitation Year over the Maximum Permissible Amount.

A.1.3 "***Limitation Year***" means the Plan Year. All qualified plans maintained by any Affiliated Employer must use the same Limitation Year. If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

A.1.4 "***Maximum Permissible Amount***" means the lesser of (1) $40,000.00 as adjusted by the Secretary of Treasury for increases in the cost of living or (2) 100 percent of the Participant's or former Participant's Annual Compensation for the Limitation Year. The Compensation limitation referred to in clauses (2) of the immediately preceding sentences shall not apply to any contribution for medical benefits (within the meaning of section 401(h) or section 419A(f)(2) of the Code) that is otherwise treated as an Annual Addition under section 415(l)(1) or section 419A(d)(2) of the Code. If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive month period, the Maximum Permissible Amount shall not exceed the dollar limitation in effect under section 415(c)(1)(A) of the Code multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year, and the denominator of which is 12.

PART A.2 *Limitations Based Upon Deductibility and the Maximum Allocation Permitted to a Participant's Account*

Notwithstanding any other provision of the Plan, no Employer shall make any contribution that would be a nondeductible contribution within the meaning of section 4972 of the Code or that would cause the limitation on allocations to each Participant's Account under section 415 of the Code and Section A.4.1 to be exceeded.

PART A.3 *Limitation on Allocations*

A.3.1 Basic Limitation on Allocations. The Annual Additions which may be credited to a Participant's Accounts under the Plan for any Limitation Year will not exceed the Maximum Permissible Amount reduced by the Annual Additions credited to a Participant's Account for the same Limitation Year under any other qualified defined contribution plans maintained by any Affiliated Employer. If the Annual Additions with respect to the Participant under such other qualified defined contribution plans are less than the Maximum Permissible Amount and the Employer Contribution that would otherwise be contributed or allocated to the Participant's Accounts under the Plan would cause the Annual Additions for the Limitation Year to exceed this limitation, the amount contributed or allocated under the Plan will be reduced so that the Annual Additions under all qualified defined contribution plans maintained by any Affiliated Employer for the Limitation Year will equal the Maximum Permissible Amount. If the Annual Additions with respect to the Participant under such other qualified defined contribution plans maintained by any Affiliated Employer in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under the Plan for the Limitation Year.

A.3.2 **Estimation of Maximum Permissible Amount**. Prior to determining the Participant's actual Annual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount on the basis of a reasonable estimation of the Participant's Annual Compensation for such Limitation Year, uniformly determined for all Participants similarly situated. As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year shall be determined on the basis of the Participant's actual Annual Compensation for such Limitation Year.

A.3.3 **Attribution of Excess Amounts**. If a Participant's Annual Additions under the Plan and all other qualified defined contribution plans maintained by any Affiliated Employer result in an Excess Amount, the total Excess Amount shall be attributed to the Plan.

A.3.4 **Treatment of Excess Amounts**. If an Excess Amount attributed to the Plan is held or contributed as a result of or because of (i) the allocation of forfeitures, (ii) reasonable error in estimating a Participant's Considered Compensation, (iii) reasonable error in calculating the maximum Salary Deferral Contribution that may be made with respect to a Participant under section 415 of the Code or (iv) any other facts and circumstances which the Commissioner of Internal Revenue finds to be justified, the Excess Amount shall be reduced as follows:

(a) First, the Excess Amount shall be attributed to The Men's Wearhouse, Inc. 401(k) Savings Plan.

(b) Second, if the Participant is still employed by the Employer at the end of the Limitation Year, then any remaining Excess Amounts shall not be distributed to the Participant, but shall be reallocated to a suspense account and shall be reapplied to reduce future Employer Contributions (including any allocation of forfeitures) under the Plan for such Participant in the next Limitation Year, and for each succeeding Limitation Year, if necessary.

(c) If, after application of paragraph (b) of this Section, an Excess Amount still exists, and the Participant is not still employed by the Employer at the end of the Limitation Year, then such Excess Amounts in the Participant's Accounts shall not be distributed to the Participant, but shall be reallocated to a suspense account and shall be reapplied to reduce future Employer Contributions (including allocation of any forfeitures), for all remaining Participants in the next Limitation Year and each succeeding Limitation Year if necessary.

(d) If a suspense account is in existence at any time during the Limitation Year pursuant to this Section, it will not participate in the allocation of the Trust Fund's investment gains and losses. If a suspense account is in existence at any time during a particular Limitation Year, all amounts in the suspense account must be allocated and reallocated to Participants' Accounts before any Employer Contribution may be made to the Plan for that Limitation Year. Excess Amounts may not be distributed to Participants or former Participants. If the Plan is terminated while a suspense account described in this Section is in existence, the amount in such suspense account shall revert to the Employer(s) to which it is attributable.

APPENDIX B

TOP-HEAVY REQUIREMENTS

PART B.1 Definitions

Definitions. As used herein, the following words and phrases have the meaning attributed to them below:

B.1.1 "***Aggregate Accounts***" means the total of all account balances.

B.1.2 "***Aggregation Group***" means (a) each section 401(a) plan of the Employer or any Affiliated Employer in which a Key Employee is a participant and (b) each other plan of the Employer or any Affiliated Employer which enables any plan in (a) to meet the requirements of either section 401(a)(4) or 410 of the Code. Any Employer may treat a plan not required to be included in the Aggregation Group as being a part of the group if the group would continue to meet the requirements of section 401(a)(4) and 410 of the Code with that plan being taken into account.

B.1.3 "***Catch-up Salary Deferral Contributions"*** means catch-up salary deferral contributions described in section 414(v) of the Code made on behalf of the Employee to a qualified cash or deferred Arrangement maintained by an Affiliated Employer.

B.1.4 "***Determination Date***" means for a given Plan Year the last day of the preceding Plan Year or in the case of the first Plan Year the last day of that Plan Year.

B.1.5 "***Key Employee***" means an Employee or former Employee (including a deceased Employee) who at any time during the Plan Year is (a) an officer of any Affiliated Employer having Annual Compensation greater than $130,000.00 (as adjusted by the Secretary of Treasury from time to time for increases in the cost of living), (b) a Five Percent Owner of any Affiliated Employer, treated separately, or (c) a One Percent Owner of any Affiliated Employer, treated separately, having Annual Compensation greater than $150,000.00. For this purpose no more than fifty (50) employees or, if lesser, the greater of three (3) employees or ten percent (10%) of the employees shall be treated as officers.

For purposes of determining the number of officers taken into account, the following employees shall be excluded: (1) employees who have not completed six (6) months of Vesting Service, (2) employees who normally work less than seventeen and one-half (17-1/2) hours per week, (3) employees who normally work not more than six (6) months during any year, (4) employees who have not attained the age of twenty-one (21), and (5) except to the extent provided in Regulations, employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and an Affiliated Employer. Section 416(i) of the Code shall be used to determine percentage of ownership.

The determination of who is a Key Employee will be made in accordance with section 416(i) of the Code and applicable Regulations.

B.1.6 "***Non-Key Employee***" means any Employee who is not a Key Employee.

B.1.7 ***One Percent Owner"*** means a person who is a one percent owner as defined in section 416(i) of the Code with respect to an Employer or an Affiliated Employer.

B.1.8 "***Top-Heavy Plan***" means any plan which has been determined to be top-heavy under the test described in Appendix B of the Plan.

PART B.2 Application

B.2.1 **Application**. The requirements described in this Appendix B shall apply to each Plan Year that the Plan is determined to be a Top-Heavy Plan.

B.2.2 **Top-Heavy Test**. If on the Determination Date the Aggregate Accounts of Key Employees in the Plan exceed 60 percent of the Aggregate Accounts of all Employees in the Plan, the Plan shall be a Top-Heavy Plan for that Plan Year. In addition, if the Plan is required to be included in an Aggregation Group and that group is a top-heavy group, the Plan shall be treated as a Top-Heavy Plan. An Aggregation Group is a top-heavy group if on the Determination Date the sum of (a) the present value of the cumulative accrued benefits for Key Employees under all defined benefit plans in the Aggregation Group which contains the Plan, plus (b) the total of all of the accounts of Key Employees under all defined contribution plans included in the Aggregation Group (which contains the Plan) is more than 60 percent of a similar sum determined for all employees covered in the Aggregation Group which contains the Plan.

In applying the above tests, the following rules shall apply:

(a) in determining the present value of the accumulated accrued benefits for any Employee or the amount in the account of any Employee, the value or amount shall be increased by all distributions made to or for the benefit of the Employee under the Plan after his Separation From Service and during the one-year period ending on the Determination Date (including distributions under a terminated plan which, had it not been terminated, would have been included in the Aggregation Group that includes the Plan);

(b) in determining the present value of the accumulated accrued benefits for any Employee or the amount in the account of any Employee, the value or amount shall be increased by all distributions made to or for the benefit of the Employee under the Plan prior to his Separation From Service and during the five-year period ending on the Determination Date (including distributions under a terminated plan which, had it not been terminated, would have been included in the Aggregation Group that includes the Plan);

(c) all rollover contributions made by the Employee to the Plan shall not be considered by the Plan for either test;

(d) all Catch-up Salary Deferral Contributions for a current Plan Year shall not be considered, but Catch-up Salary Deferral Contributions for prior Plan Years must be taken into account;

(e) if an Employee is a Non-Key Employee under the Plan for the Plan Year but was a Key Employee under the Plan for a prior Plan Year, his Account shall not be considered; and

(f) notwithstanding any other provision of the Plan, the present value of the cumulative accrued benefits, and account balances under the Plan and all plans included in the Aggregation Group that includes the Plan shall not be taken into account in determining the top-heavy ratio for any Employee who has not performed services for the Employer during the last one-year period ending upon the Determination Date.

B.2.3 **Vesting Restrictions if Plan Becomes Top-Heavy**. If a Participant has at least one Hour of Service during a Plan Year when the Plan is a Top-Heavy Plan he shall either vest under the normal vesting provisions of the Plan, or under the following vesting schedule, whichever is more favorable:

Completed Years of Vesting Service	Vested Percentage of Amount In Accounts Containing Employer Contributions
Less than two years	0
Two years but less than three years	20
Three years but less than four years	40
Four years but less than five years	60
Five years but less than six years	80
Six years or more	100

If the Plan ceases to be a Top-Heavy Plan, this requirement shall no longer apply. After that date, the normal vesting provisions of the Plan shall be applicable to all subsequent Contributions by the Employer.

For purposes of this Section B.2.3 years of service for vesting purposes shall be determined under the rules of section 411(a) of the Code except that years of vesting service for any Plan Year for which the Plan was not top-heavy shall be disregarded.

B.2.4 **Minimum Contributions if Plan Becomes Top-Heavy**. If the Plan is a Top-Heavy Plan and the allocation of the Employer Contributions (including Matching Contributions) and forfeitures is less than three percent of any Non-Key Employee Participant's Annual Compensation, the Committee, without regard to the normal allocation procedures, shall allocate the Employer Contribution and the forfeitures among the Participants who are Non-Key

Employees in proportion to each such Participant's Annual Compensation until each Non-Key Employee Participant has had an amount equal to three percent of his Annual Compensation allocated to his Account. At that time, any more Employer Contributions or forfeitures shall be allocated under the normal allocation procedures described earlier in the Plan. Amounts that may be treated as Section 401(k) Contributions made on behalf of Non-Key Employees may not be included in determining the minimum contribution required under this Section to the extent that they are treated as Section 401(k) Contributions for purposes of the Actual Deferral Percentage test.

In applying this restriction, the following rules shall apply:

(a) Each Employee who is eligible for participation (without regard to whether he has made mandatory contributions, if any are required, or whether his compensation is less than a stated amount) shall be entitled to receive an allocation under this Section; and

(b) All defined contribution plans required to be included in the Aggregation Group shall be treated as one plan for purposes of meeting the three percent maximum; this required aggregation shall not apply if the Plan is also required to be included in an Aggregation Group which includes a defined benefit plan and the Plan enables that defined benefit plan to meet the requirements of sections 401(a)(4) or 410 of the Code.

(c) Catch-up Salary Deferral Contributions shall be disregarded.

B.2.5 **Disregard of Government Programs**. If the Plan is a Top-Heavy Plan, it must meet the vesting and benefit requirements described in this Article without taking into account contributions or benefits under Chapter 2 of the Code (relating to the tax on self-employment income), Chapter 21 of the Code (relating to the Federal Insurance Contributions Act), Title II of the Social Security Act, or any other Federal or State law.

Exhibit 21.1

Subsidiaries of the Registrant[1]

Domestic Subsidiaries:

The Men's Wearhouse of Michigan, Inc., a Delaware corporation[2]
TMW Marketing Company, Inc., a California corporation[2]
TMW Merchants LLC, a Delaware limited liability company[3]
TMW Purchasing LLC, a Delaware limited liability company[4]
Renwick Technologies, Inc., a Texas corporation[2]
K&G Men's Company Inc., a Delaware corporation[2][5]
Twin Hill Acquisition Company, Inc., a California corporation[2][6]
5507 Renwick, Inc., a Delaware corporation[2]
MWDC Holding Inc., a Delaware corporation[2]
MWDC Texas Inc., a Delaware corporation[7]

Foreign Subsidiaries:

Moores Retail Group Inc., a New Brunswick corporation[2]
Moores The Suit People Inc., a New Brunswick corporation[8][9]
Golden Brand Clothing (Canada) Ltd., a New Brunswick corporation[8]

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(1) The names of certain subsidiaries are omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary as of February 3, 2007.

(2) 100% owned by The Men's Wearhouse, Inc.

(3) 100% owned by TMW Marketing Company, Inc.

(4) 100% owned by TMW Merchants LLC.

(5) K&G Men's Company Inc. does business under the names K&G, K&G Men's Center, K&G Men's Superstore, K&G MenSmart, K&G Ladies, K&G Fashion Superstore and K&G Suit Warehouse.

(6) Twin Hill Acquisition Company, Inc. does business under the name Twin Hill and Twin Hill Corporate Apparel.

(7) MWDC Texas Inc. (formerly known as TMW Ventures, Inc.) is 100% owned by MWDC Holding Inc. and does business under the name MWCleaners.

(8) 100% owned by Moores Retail Group Inc.

(9) Moores The Suit People Inc. does business under the names Moores Clothing for Men and Moores Vetements Pour Hommes.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-80609 and 333-111227 of The Men's Wearhouse, Inc. on Form S-3 and Registration Statement Nos. 33-48108, 33-48109, 33-48110, 33-61792, 333-21109, 333-21121, 33-74692, 333-53623, 333-80033, 333-72549, 333-90304, 333-90306, 333-90308, and 333-125182 of The Men's Wearhouse, Inc. on Form S-8 of our reports dated April 2, 2007, relating to the financial statements and financial statement schedule of The Men's Wearhouse, Inc., and management's report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of The Men's Wearhouse, Inc. for the year ended February 3, 2007.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
April 2, 2007

Exhibit 31.1

Certifications

I, George Zimmer, certify that:

1. I have reviewed this annual report on Form 10-K 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: April 4, 2007

By /s/ GEORGE ZIMMER
George Zimmer
Chief Executive Officer

Exhibit 31.2

Certifications

I, Neill P. Davis, certify that:

1. I have reviewed this annual report on Form 10-K 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: April 4, 2007

By /s/ NEILL P. DAVIS

Neill P. Davis

Executive Vice President, Chief Financial Officer,

Treasurer and Principal Financial Officer

Exhibit 32.1

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 Annual Report of The Men's Wearhouse, Inc. (the "Company") on Form 10-K for the year ended February 3, 2007, 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: April 4, 2007

By /s/ GEORGE ZIMMER
George Zimmer
Chief Executive Officer

Exhibit 32.2

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 Annual Report of The Men's Wearhouse, Inc. (the "Company") on Form 10-K for the year ended February 3, 2007, 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: April 4, 2007

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