

Figure 11:

NC State				NW			UOH			Total:	
Population: Rent=226, Buy 1732				Population: Rent=506, Buy=458			Population: Rent=3376, Buy=1385				
Size	Renting: Number of Suits	Buying: Number of Suits	Number of Suits	Size	Renting: Number of Suits	Buying: Number of Suits	Number of Suits	Size	Renting: Number of Suits	Buying: Number of Suits	Number of Suits
30	5	4	4	30	1	1	1	30	10	4	4
31	5	4	4	31	1	1	1	31	10	4	4
32	5	4	4	32	1	1	1	32	10	4	4
33	5	4	4	33	1	1	1	33	10	4	4
34	5	4	4	34	1	2	2	34	10	5	5
35	10	5	5	35	3	2	2	35	14	5	5
36	10	5	5	36	3	2	2	36	14	5	5
37	10	5	5	37	3	2	2	37	14	10	10
38	15	10	10	38	4	3	3	38	22	10	10
39	15	10	10	39	4	3	3	39	22	10	10
40	15	10	10	40	4	3	3	40	22	4	4
41	5	4	4	41	1	2	2	41	10	4	4
42	5	4	4	42	1	2	2	42	10	4	4
43	5	4	4	43	1	1	1	43	10	4	4
44	5	4	4	44	1	1	1	44	10	4	4
<b>Number of Suits</b>	120	81	81		30	27	27		198	81	81
<b>Number of Suits per 17 colors</b>	2040	1377	1377		510	459	459		3366	1377	1377
<b>Total Cost</b>	<b>\$ 132,600.00</b>	<b>\$ 89,505.00</b>			<b>\$ 33,150.00</b>	<b>\$ 29,835.00</b>			<b>\$ 218,790.00</b>	<b>\$ 89,505.00</b>	<b>\$ 593,385.00</b>
<b>Total Cost Of Ties:</b>											<b>\$ 273,778.71</b>
<b>Total Cost Of Dress Shirts:</b>											<b>\$ 365,068.71</b>
<b>Total Cost of Expenditure:</b>											<b>\$ 1,232,232.42</b>



Men's Wearhouse Inc

Three Year Pro Forma Income Statement

	Year 0	Year 1	Year 2	Year 3
Sales	0	\$ 1,572,184.25	\$ 1,844,176.64	\$ 2,245,787.17
Cost of Goods Sold	0	\$ 896,145.02	\$ 1,051,180.68	\$ 1,280,098.69
Gross Profit	0	\$ 676,039.23	\$ 792,995.95	\$ 965,688.48
Operating Expense	0	\$ 138,062.35	\$ 145,079.76	\$ 155,441.31
Rental Space	0	\$ 97,500.00	\$ 97,500.00	\$ 97,500.00
Depreciation	0	\$ 792.86	\$ 792.86	\$ 792.86
Operating Income/EBIT	0	\$ 537,184.02	\$ 647,123.34	\$ 809,454.32
Interest Expense	0	\$ 1,181.80	\$ 1,423.67	\$ 1,780.80
Income Before Taxes	0	\$ 536,002.21	\$ 645,699.67	\$ 807,673.52
Taxes (34%)	0	\$ 182,240.75	\$ 219,537.89	\$ 274,609.00
Net Income	0	\$ 353,761.46	\$ 426,161.78	\$ 533,064.52
Capital Expenditures		\$1,237,782.42		
Net Cash Flows		-\$1,237,782.42	\$ 355,736.12	\$ 428,378.31
		\$ 329,111.04	\$ 366,654.01	\$ 424,145.61
NPV	\$	(117,871.76)		
Discount Rate		8.09%		
IRR		3%		
Profitability Index		0.90		



*Sales Projections for University of Houston*

Sales Projections	Rental	Year 1	Year 2	Year 3
Freshman	\$	21,515.00	\$ 22,160.45	\$ 23,268.47
Sophomore	\$	28,860.00	\$ 29,725.80	\$ 31,212.09
Junior	\$	15,275.00	\$ 10,692.50	\$ 7,484.75
Senior	\$	6,240.00	\$ 4,368.00	\$ 3,057.60

Sales Projections	Buy	Year 1	Year 2	Year 3
Freshman	\$	6,659.82	\$ 6,859.61	\$ 7,202.60
Sophomore	\$	29,229.21	\$ 30,106.09	\$ 31,611.39
Junior	\$	161,685.63	\$ 242,528.45	\$ 363,792.67
Senior	\$	314,861.49	\$ 336,901.79	\$ 360,484.92
Total Sales	\$	584,326.15	\$ 683,342.69	\$ 828,114.49

*Sales Projections for Northwestern University*

Sales Projections	Rental	Year 1	Year 2	Year 3
Freshman		\$ 12,610.00	\$ 12,988.30	\$ 13,637.72
Sophomore		\$ 13,065.00	\$ 13,456.95	\$ 14,129.80
Junior		\$ 5,330.00	\$ 3,731.00	\$ 2,611.70
Senior		\$ 1,885.00	\$ 1,319.50	\$ 923.65

Sales Projections	Buy	Year 1	Year 2	Year 3
Freshman		\$ 3,699.90	\$ 3,810.90	\$ 4,001.44
Sophomore		\$ 13,319.64	\$ 13,719.23	\$ 14,405.19
Junior		\$ 56,238.48	\$ 84,357.72	\$ 126,536.58
Senior		\$ 96,197.40	\$ 102,931.22	\$ 110,136.40
Total Sales		\$ 202,345.42	\$ 236,314.81	\$ 286,382.48



*Sales Projections for North Carolina State*

<b>Sales Projections</b>	<b>Rental</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Freshman	\$	61,100.00	\$ 62,933.00	\$ 66,079.65
Sophomore	\$	54,665.00	\$ 56,304.95	\$ 59,120.20
Junior	\$	22,490.00	\$ 15,743.00	\$ 11,020.10
Senior	\$	6,435.00	\$ 4,504.50	\$ 3,153.15

<b>Sales Projections</b>	<b>Buy</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Freshman	\$	18,499.50	\$ 19,054.49	\$ 20,007.21
Sophomore	\$	55,128.51	\$ 56,782.37	\$ 59,621.48
Junior	\$	237,903.57	\$ 356,855.36	\$ 535,283.03
Senior	\$	329,291.10	\$ 352,341.48	\$ 377,005.38
Total Sales	\$	785,512.68	\$ 924,519.13	\$ 1,131,290.20



## Scenario Analysis

*Best Case Sales Forecast*

### Men's Wearhouse Inc

#### Three Year Pro Forma Income Statement (Best Case Scenario 27% Drop in Cost)

	Year 0	Year 1	Year 2	Year 3
Sales	0 \$	1,572,184.25 \$	1,844,176.64 \$	2,245,787.17 \$
Cost of Goods Sold	0 \$	471,655.28 \$	553,252.99 \$	673,736.15 \$
Gross Profit	0 \$	1,100,528.98 \$	1,290,923.65 \$	1,572,051.02 \$
Operating Expense	0 \$	163,531.74 \$	174,955.42 \$	191,823.06 \$
Rental Space	0 \$	97,500.00 \$	97,500.00 \$	97,500.00 \$
Depreciation	0 \$	792.86 \$	792.86 \$	792.86 \$
Operating Income/EBIT	0 \$	936,204.38 \$	1,115,175.37 \$	1,379,435.10 \$
Interest Expense	0 \$	2,059.65 \$	2,453.39 \$	3,034.76 \$
Income Before Taxes	0 \$	934,144.73 \$	1,112,721.98 \$	1,376,400.34 \$
Taxes (34%)	0 \$	317,609.21 \$	378,325.47 \$	467,976.12 \$
Net Income	0 \$	616,535.52 \$	734,396.51 \$	908,424.23 \$
Capital Expenditures	\$1,237,782.42			
Net Cash Flows	-\$1,237,782.42 \$	619,388.03 \$	737,642.75 \$	912,251.84 \$
		\$ 573,029.91 \$	\$ 631,357.07 \$	\$ 722,367.50 \$
NPV	\$	688,972.05		
Discount Rate		8.09%		
IRR		35%		
Profitability Index		1.56		



*Worst Case Sales Forecast*

**Men's Wearhouse Inc**

**Three Year Pro Forma Income Statement (Worst Case Scenario Sales Decrease 10%)**

	Year 0	Year 1	Year 2	Year 3
Sales	0 \$	1,414,965.83 \$	1,659,758.97 \$	2,021,208.45 \$
Cost of Goods Sold	0 \$	806,530.52 \$	946,062.61 \$	1,152,088.82 \$
Gross Profit	0 \$	608,435.30 \$	713,696.36 \$	869,119.63 \$
Operating Expense	0 \$	134,006.12 \$	140,321.78 \$	149,647.18 \$
Rental Space	0 \$	97,500.00 \$	97,500.00 \$	97,500.00 \$
Depreciation	0 \$	792.86 \$	792.86 \$	792.86 \$
Operating Income/EBIT	0 \$	473,636.33 \$	572,581.72 \$	718,679.60 \$
Interest Expense	0 \$	1,042.00 \$	1,259.68 \$	1,581.10 \$
Income Before Taxes	0 \$	472,594.33 \$	571,322.04 \$	717,098.50 \$
Taxes (34%)	0 \$	160,682.07 \$	194,249.49 \$	243,813.49 \$
Net Income	0 \$	311,912.26 \$	377,072.55 \$	473,285.01 \$
Capital Expenditures	\$1,237,782.42			
Net Cash Flows	-\$1,237,782.42 \$	313,747.11 \$	379,125.08 \$	475,658.96 \$
		\$ 290,264.70 \$	\$ 324,497.60 \$	\$ 376,651.01 \$
NPV	\$	(246,369.11)		
Discount Rate		8.09%		
IRR		-3%		
Profitability Index		0.80		



## Men's Wearhouse Inc

### Three Year Pro Forma Income Statement (Sensitivity Analysis 15% increase in Operation Margin)

	Year 0	Year 1	Year 2	Year 3
Sales		0 \$ 1,572,184.25	\$ 1,844,176.64	\$ 2,245,787.17
Cost of Goods Sold		0 \$ 896,145.02	\$ 1,051,180.68	\$ 1,280,098.69
Gross Profit		0 \$ 676,039.23	\$ 792,995.95	\$ 965,688.48
Operating Expense		0 \$ 239,468.24	\$ 264,029.15	\$ 300,294.58
Rental Space		0 \$ 97,500.00	\$ 97,500.00	\$ 97,500.00
Depreciation		0 \$ 792.86	\$ 792.86	\$ 792.86
Operating Income/EBIT		0 \$ 435,778.13	\$ 528,173.95	\$ 664,601.04
Interest Expense		0 \$ 958.71	\$ 1,161.98	\$ 1,462.12
Income Before Taxes		0 \$ 434,819.42	\$ 527,011.96	\$ 663,138.92
Taxes (34%)		0 \$ 147,838.60	\$ 179,184.07	\$ 225,467.23
Net Income		0 \$ 286,980.82	\$ 347,827.90	\$ 437,671.69
Capital Expenditures	\$1,237,782.42			
Net Cash Flows	-\$1,237,782.42	\$ 288,732.39	\$ 349,782.74	\$ 439,926.67
		\$ 267,122.20	\$ 299,383.14	\$ 348,356.36
NPV	\$	(322,920.73)		
Discount Rate		8.09%		
IRR		-6%		
Profitability Index		0.74		



## Men's Wearhouse Inc

### Three Year Pro Forma Income Statement (Sensitivity Analysis Operating Margin Decrease 4%)

	Year 0	Year 1	Year 2	Year 3
Sales	0	\$ 1,572,184.25	\$ 1,844,176.64	\$ 2,245,787.17
Cost of Goods Sold	0	\$ 896,145.02	\$ 1,051,180.68	\$ 1,280,098.69
Gross Profit	0	\$ 676,039.23	\$ 792,995.95	\$ 965,688.48
Operating Expense	0	\$ 111,020.78	\$ 113,359.92	\$ 116,813.77
Rental Space	0	\$ 97,500.00	\$ 97,500.00	\$ 97,500.00
Depreciation	0	\$ 792.86	\$ 792.86	\$ 792.86
Operating Income/EBIT	0	\$ 564,225.59	\$ 678,843.18	\$ 848,081.86
Interest Expense	0	\$ 1,241.30	\$ 1,493.45	\$ 1,865.78
Income Before Taxes	0	\$ 562,984.29	\$ 677,349.72	\$ 846,216.08
Taxes (34%)	0	\$ 191,414.66	\$ 230,298.91	\$ 287,713.47
Net Income	0	\$ 371,569.63	\$ 447,050.82	\$ 558,502.61
Capital Expenditures	\$1,237,782.42			
Net Cash Flows	-\$1,237,782.42	\$ 373,603.78	\$ 449,337.13	\$ 561,161.25
		\$ 345,641.40	\$ 384,592.91	\$ 444,356.07
NPV	\$	(63,192.04)		
Discount Rate		8.09%		
IRR		5%		
Profitability Index		0.95		





## Men's Wearhouse Inc

### Three Year Pro Forma Income Statement (Sensitivity Analysis Taxes Decrease 5% for Businesses)

	Year 0	Year 1	Year 2	Year 3
Sales	0	\$ 1,572,184.25	\$ 1,844,176.64	\$ 2,245,787.17
Cost of Goods Sold	0	\$ 896,145.02	\$ 1,051,180.68	\$ 1,280,098.69
Gross Profit	0	\$ 676,039.23	\$ 792,995.95	\$ 965,688.48
Operating Expense	0	\$ 138,062.35	\$ 145,079.76	\$ 155,441.31
Rental Space	0	\$ 97,500.00	\$ 97,500.00	\$ 97,500.00
Depreciation	0	\$ 792.86	\$ 792.86	\$ 792.86
Operating Income/EBIT	0	\$ 537,184.02	\$ 647,123.34	\$ 809,454.32
Interest Expense	0	\$ 1,181.80	\$ 1,423.67	\$ 1,780.80
Income Before Taxes	0	\$ 536,002.21	\$ 645,699.67	\$ 807,673.52
Taxes (29%)	0	\$ 155,440.64	\$ 187,252.90	\$ 234,225.32
Net Income	0	\$ 380,561.57	\$ 458,446.76	\$ 573,448.20
Capital Expenditures	\$1,237,782.42			
Net Cash Flows	-\$1,237,782.42	\$ 382,536.23	\$ 460,663.29	\$ 576,021.85
		\$ 353,905.29	\$ 394,287.11	\$ 456,123.46
NPV	\$	(33,466.56)		
Discount Rate		8.09%		
IRR		7%		
Profitability Index		0.97		



## Men's Wearhouse Inc

### Three Year Pro Forma Income Statement (Sensitivity Analysis 2% Increase in Intrest Expensed)

	Year 0	Year 1	Year 2	Year 3
Sales	0 \$	1,572,184.25 \$	1,844,176.64 \$	2,245,787.17 \$
Cost of Goods Sold	0 \$	896,145.02 \$	1,051,180.68 \$	1,280,098.69 \$
Gross Profit	0 \$	676,039.23 \$	792,995.95 \$	965,688.48 \$
Operating Expense	0 \$	138,062.35 \$	145,079.76 \$	155,441.31 \$
Rental Space	0 \$	97,500.00 \$	97,500.00 \$	97,500.00 \$
Depreciation	0 \$	792.86 \$	792.86 \$	792.86 \$
Operating Income/EBIT	0 \$	537,184.02 \$	647,123.34 \$	809,454.32 \$
Interest Expense	0 \$	11,925.49 \$	14,366.14 \$	17,969.89 \$
Income Before Taxes	0 \$	525,258.53 \$	632,757.20 \$	791,484.43 \$
Taxes (34%)	0 \$	178,587.90 \$	215,137.45 \$	269,104.71 \$
Net Income	0 \$	346,670.63 \$	417,619.75 \$	522,379.72 \$
Capital Expeniures	\$1,237,782.42			
Net Cash Flows	-\$1,237,782.42 \$	359,388.97 \$	432,778.75 \$	541,142.47 \$
		\$ 332,490.49 \$	\$ 370,420.40 \$	\$ 428,504.18 \$
NPV	\$ (106,367.35)			
Discount Rate	8.09%			
IRR	4%			
Profitabililty Index	0.91			



## Book Ratio's

MW	Column1	Column2	Column3	Column4	Column5
Year:	2011	2012	2013	2014	Avg
Current	2.87	2.93	2.91	2.43	2.785
Debt to Equity	0	0	0	9.53	2.3825
Quick	0.74	0.65	0.74	0.37	0.625
ROE %	7.22	11.97	12.31	7.92	9.855
ROC %	6.98	11.97	12.33	7.69	9.7425
Profit Margin	3.22	5.06	5.29	3.39	4.24
Working Capital	497.4	544.1	561	479.8	520.575
PE	17.89	14.44	11.39	20.21	15.9825
Payout Ratio %	28.1	15.4	27.9	42.2	28.4



<b>Nordstrom (JWN)</b>	<b>Column1</b>	<b>Column2</b>	<b>Column3</b>	<b>Column4</b>	<b>Column5</b>
<b>Year:</b>	2011	2012	2013	2014	Avg
<b>Current</b>	2.57	2.16	2.28	2.06	2.2675
<b>Debt to Equity</b>	137.61	186.45	163.67	199.66	171.8475
<b>Quick</b>	1.88	1.52	1.53	1.33	1.565
<b>ROE %</b>	34.12	34.35	37.99	36.76	35.805
<b>ROC %</b>	15.4	14.68	15.69	16.29	15.515
<b>Profit Margin</b>	6.32	6.28	6.06	5.85	6.1275
<b>Working Capital</b>	2945	2985	2855	2687	2868
<b>PE</b>	14.88	15.03	15.48	15.49	15.22
<b>Payout Ratio %</b>	27.6	29.3	30.4	32.3	29.9

<b>Macy's (M)</b>	<b>Column1</b>	<b>Column2</b>	<b>Column3</b>	<b>Column4</b>	<b>Column5</b>
<b>Year:</b>	2011	2012	2013	2014	Avg
<b>Current</b>	1.3	1.4	1.55	1.52	1.4425
<b>Debt to Equity</b>	134.27	130.76	114.53	115.07	123.6575
<b>Quick</b>	0.37	0.51	0.43	0.47	0.445
<b>ROE %</b>	16.64	21.97	22.28	24.16	21.2625
<b>ROC %</b>	90.26	11.57	12.03	13.16	31.755
<b>Profit Margin</b>	3.39	4.76	4.82	5.32	4.5725
<b>Working Capital</b>	1834	2514	3801	2962	2777.75
<b>PE</b>	10.93	11.69	11.42	13.27	11.8275
<b>Payout Ratio %</b>	10.1	12	24.7	24.6	17.85