



Whitman Clothier Company

Style

Service

Success

*Annual Report
Year 10*

Name: Maria Davis
Period: 3
Date: January 27, 20XX

Annual Report

Whitman Clothier Company has \$750.5 million in sales (see Table 1). Last year, management reorganized to reduce the number of retail stores for each regional manager by an average of 30%. This allowed the managers to take a hands-on approach with the stores, which has resulted in an increase in sales to customers for the year.

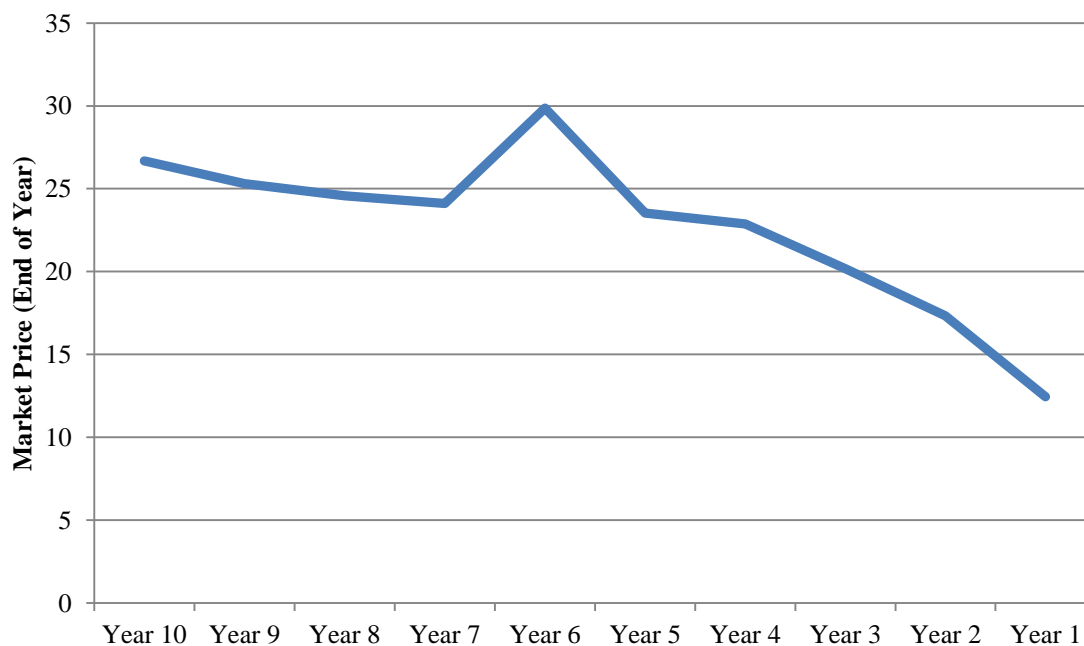
This year, in its tenth year of business, Whitman succeeded in becoming the fastest growing company in the country's retail clothing market. The economic trends of the last five years have left the majority of competitors facing cutbacks. With determination, Whitman increased marketing efforts in key regions and added low-cost locations to several of these regions. The industry average growth in profit for this year is 6%, and Whitman presented a growth of 10%, due mainly to these initiatives (see Table 2).

With over 125 retail locations and 2,500 employees in the United States, Whitman is now in the process of expanding its international reach. Development research is currently underway for retail locations in Canada and popular tourist areas in Mexico. The goal of the project is to establish 10 international locations within five years.

Table 1
Three Years in Brief¹

| <i>For the year of</i> | Year 10 | Year 9 | Year 8 |
|---------------------------------|----------------|---------------|---------------|
| Sales to Customers | \$750,488,000 | \$700,557,000 | \$660,870,000 |
| Net Earnings | \$150,648,000 | \$100,840,000 | \$245,396,000 |
| Cash Dividends Paid | \$725,000 | \$703,000 | \$685,000 |
| Shareholders' Equity | \$500,324,000 | \$401,147,000 | \$310,233,000 |
| Percent Return on Equity | 27.2 | 25.6 | 26.4 |
| Market Price | \$26.68 | \$25.30 | \$24.57 |
| Per Share Net Earnings | | | |
| - Basic | \$2.30 | \$1.74 | \$1.42 |
| - Diluted | \$2.25 | \$1.70 | \$1.38 |
| Cash Dividends Paid | \$0.75 | \$0.72 | \$0.65 |
| Shareholders' Equity | \$7.41 | \$7.92 | \$6.89 |

Figure 1
Market Price
 (10-Year History)



¹ Financial data is accurate and complete as of print date.

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Table 2
Statement of Profit

| <i>For the year of</i> | Year 10 | Year 9 | Year 8 |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Revenue | | | |
| - Whitman Sons | \$196,874,000 | \$173,719,000 | \$177,085,000 |
| - Woman's Wardrobe | \$205,390,000 | \$200,750,000 | \$188,224,000 |
| - Young and Chic | \$348,224,000 | \$326,088,000 | \$295,561,000 |
| Total Revenue | \$750,488,000.00 | \$700,557,000.00 | \$660,870,000.00 |
| Cost of Goods | | | |
| - Whitman Sons | \$101,989,000 | \$97,354,000 | \$90,005,000 |
| - Woman's Wardrobe | \$150,023,000 | \$142,017,000 | \$131,714,000 |
| - Young and Chic | \$142,364,000 | \$138,806,000 | \$126,955,000 |
| Total Cost of Goods | \$394,376,000 | \$378,177,000 | \$348,674,000 |
| Gross Profit | \$356,112,000 | \$322,380,000 | \$312,196,000 |

Table 3
Vision for Year 11

| <i>Product Line</i> | <i>Projected Increase in Sales</i> |
|-------------------------|------------------------------------|
| Whitman Sons | 6% |
| Woman's Wardrobe | 10% |
| Young and Chic | 9% |