



OAKLEY

Roth Capital Conference

February 20, 2007

Scott Olivet, Chief Executive Officer



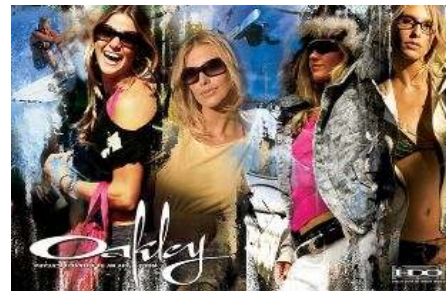
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Agenda

- Company Overview
- 2006 Strategic Re-direction and Results
- 2007 Initiatives
- Investment Thesis





Company Overview

- **Founded in 1975**
- **2006 revenue: \$762 million**
- **Segment sales**
 - Optics 73% | AFA 21% | Other 6%
 - Wholesale 77% | U.S. Retail 23%
 - U.S. 56% | International 44%
- **Distribution**
 - 110+ countries through 20,000+ accounts
 - 225+ company-owned retail locations
- **3,400+ worldwide employees**

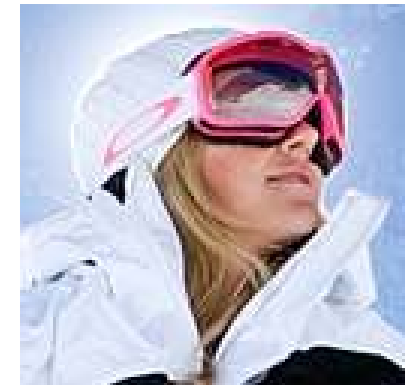




Oakley Has What is Hardest to Create



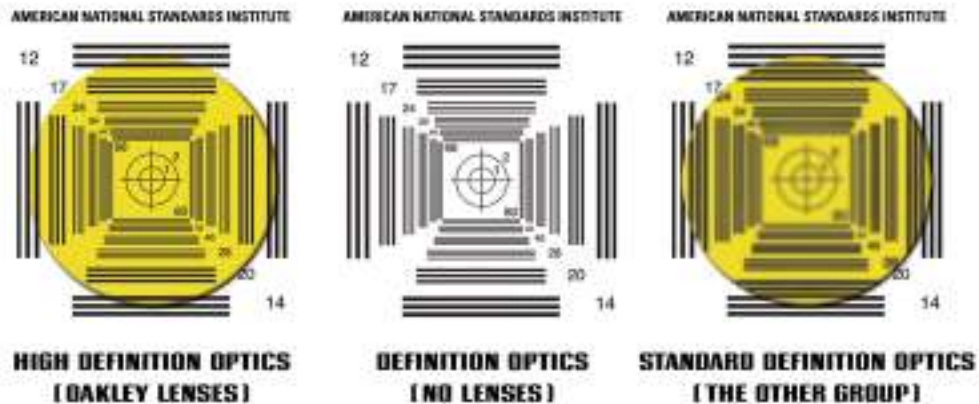
- Strong, iconic brand
- Deep and wide authenticity
- Optics superiority
- Unique design point of view
- Loyal consumers, athletes, team
- Culture of excellence, willingness to experiment and change



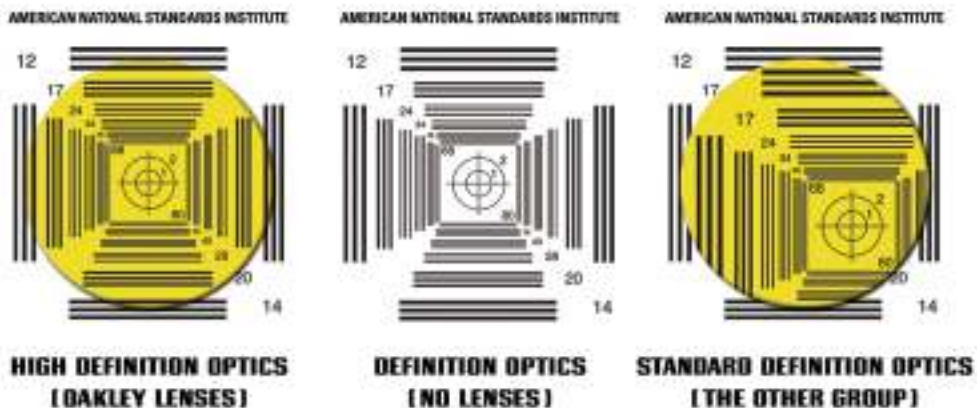


Optics Superiority

CLARITY



REFRACTIVE POWER AND PRISM



- Depth of optics research
- Intellectual property
 - 550+ patents for design, optics and materials
- Effective partnerships
 - Motorola
 - Transitions
- Rapid prototyping
- Vertical integration



2006 Strategic Re-direction



2006 Strategic Re-direction

- 1. Focus on optics**
- 2. Integrate, improve and expand brand development efforts**
- 3. Re-align apparel**
- 4. Restructure footwear**
- 5. Expand retail platform**



2006 Progress: Highlights

- **Re-launched High Definition Optics® (HDO®)**
- **Launched first women's collection**
- **Successfully completed footwear restructuring**
- **Started execution against re-aligned apparel strategy**
- **Added 29 Oakley Stores, 16 Sunglass Icon Stores**
- **Acquired Swiss distributor**
- **Announced Sunglass Icon re-branding**
- **Systematic, strategic expansion of optics portfolio**
 - **Oliver Peoples and Optical Shop of Aspen (2006)**
 - **ESS and Bright Eyes (2007)**



2006 Progress: Select Highlights

- **Sales ↑ 18 percent over 2005 to record \$762 million**
- **Focus on optics yields early results**
 - **Optics sales ↑ 19 percent over 2005**
- **Strength in all segments**
 - **U.S. retail ↑ 44% to record \$171 million**
 - **Wholesale ↑ 12% to record \$591 million**
 - **U.S. ↑ 24% to record \$424 million**
 - **International ↑ 11% to record \$338 million**



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2007 Initiatives



2007 Initiatives

- 1. Focus on optics**
- 2. Integrate, improve and expand brand development efforts**
- 3. Re-align apparel**
- 4. Increase international penetration**
- 5. Expand retail platform**
- 6. Drive operational excellence**



Optics Growth Opportunities



Gender



Product Use



Style Influence



Geography



Channel



Multiple Brands



Women's



Script™



Disobey™



Dart™



Speechless™



Grapevine™



Behave™





Sport Performance



1983



1986



1999



Thump Pro™



Radar™



Flak Jacket™



Lens Technologies



Oakley Hydrophobic



Oakley Lifestyle Collection and Limited Editions

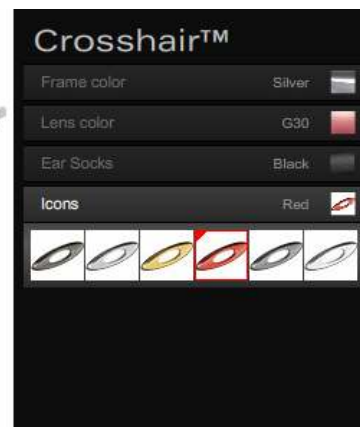


BLOC



Oakley Custom Eyewear

- “Customization” defines a new expectation and a new standard
- 300% increase in SKU offering
- New retail merchandising





Brand Portfolio

Oliver Peoples



- **Luxury, high fashion, aspirational**
- **\$210-420**

Paul Smith



- **Classic, Paul Smith details**
- **\$235-335**

Mosley Tribes



- **Fusion of SoCal and urban lifestyles**
- **\$120-240**

Dragon



- **Surf, snow and skate**
- **\$60-90**

Fox Racing



- **Motocross and hard action sports**
- **\$85-180**



Brand Development Objectives

- Integrate
- Communicate
- Educate
- Participate



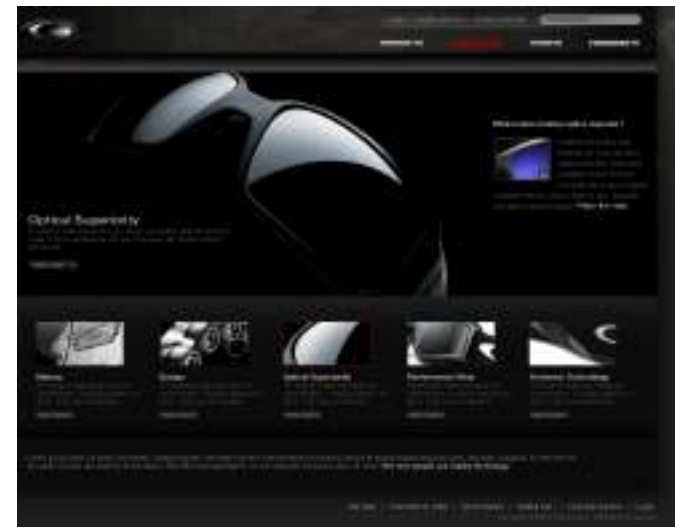
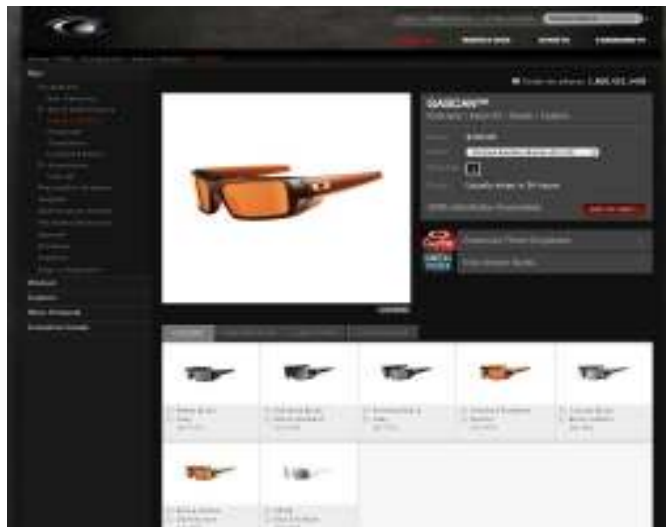


Integrate – Cohesive Launches





Communicate – Web Epicenter





Educate – Rolling O Lab



- **Mobile optical demonstration laboratory**
- **Sport events, retail locations, public venues**
 - MLB Training Camp
 - 111th Boston Marathon
 - Indianapolis 500
 - AVP Pro Beach Volleyball Tour





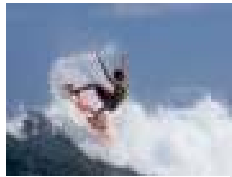
Participate – Deepen Association at Local Level





Fall 2007 – First Season Under Re-alignment

- Clarified and focused
- Six dedicated verticals anchored in performance stories
- Narrowed product offering, optimized fit
- Military-inspired collection 365 days a year
- Merchandised collections tell story at retail



Surf



Snow



Golf



Outdoor



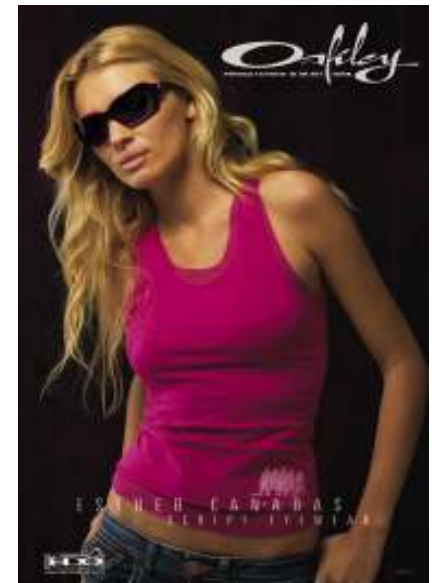
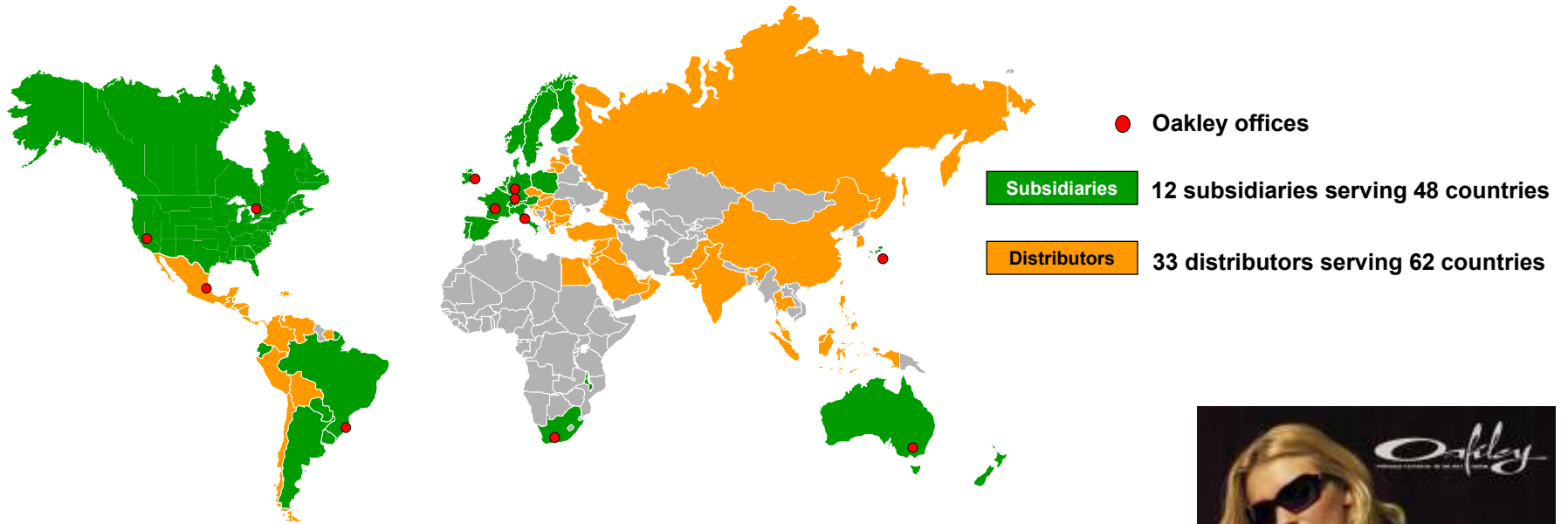
Motor Sports



Military



International – Continued Penetration





Retail – Multiple Platforms



80 locations



121 locations

Optical Shop of Aspen



20 locations



Retail – Showcase the Brand and Drive the Business



Harajuku District, Tokyo



Retail – Improve Consumer Purchase Experience





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Investment Thesis



Long-Term Financial Objectives

- **Multi-year financial objectives**
- **Annual sales growth of at least 10 percent**
- **Annual EPS and EBITDA growth exceeding sales growth**
- **Annual improvement in the company's return on invested capital (ROIC)**
 - **Increased spread over cost of capital**
 - **Initial target 17%**



Guidance Summary¹

- **Sales: \$900-930 million**
 - Up 18-22% from \$762 million in 2006
 - Majority of growth is organic
- **Core EBITDA²: approximately 17-18%**
 - Up from \$117 million in 2006 (15% of sales)
- **EPS: \$0.94-0.97 per diluted share**
 - Up approximately 45% from \$0.65 in 2006
- **CapEx: \$70 million**
 - Up from \$52 million (2006)
- **M&A: guidance includes acquisition of ESS**

¹ Given on February 8, 2007

² A comparative presentation of reconciliations between GAAP and non-GAAP reported items can be found at investor.oakley.com



Looking Forward

- **Continue to strengthen the Oakley brand and the brands in our optics portfolio**
- **Build solid business platforms that are capable of driving long-term profitable growth**
- **Make clear steps towards delivering against a long-term financial model with ROIC as a key measure**
- **Consistency in meeting our articulated goals**

