

OXFORD INDUSTRIES



Perfect Fit

2003 ANNUAL REPORT

BUSINESS DESCRIPTION

Oxford Industries, Inc. is a diversified international manufacturer and wholesale marketer of branded and private label apparel for men, women and children. With manufacturing and sourcing operations in over 40 countries around the globe, Oxford provides retailers and consumers with a wide variety of apparel products and services to suit their individual needs. Major licensed brands include Tommy Hilfiger®, Nautica®, Geoffrey Beene®, Slates®, Oscar de la Renta® and Dockers®. Oxford's private label customers are found in every major channel of distribution including national chains, specialty catalogs, mass merchandisers, department stores, specialty stores and Internet retailers. The Company's stock has traded on the NYSE since 1964 under the symbol OXM.



SELECTED FINANCIAL HIGHLIGHTS *Oxford Industries, Inc. and Subsidiaries*

| <i>In thousands, except per share amounts</i> | <i>Year ended:</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> | <i>June 1, 2001</i> | <i>2003-2002 % change</i> |
|---|--------------------|---------------------|---------------------|---------------------|-------------------------------|
| Net sales | | \$764,602 | \$677,264 | \$812,495 | 12.9% |
| Net earnings | | 20,327 | 10,572 | 15,346 | 92.3% |
| Basic earnings per common share | | 2.70 | 1.41 | 2.06 | 91.5% |
| Diluted earnings per common share | | 2.68 | 1.40 | 2.05 | 91.4% |
| Dividends per common share | | 0.84 | 0.84 | 0.84 | 0.0% |
| Stockholders' equity | | 189,365 | 175,201 | 168,940 | 8.1% |
| Book value per share at year-end | | 25.18 | 23.31 | 22.81 | 8.0% |
| Return on average stockholders' equity | | 11.2% | 6.1% | 9.2% | 83.6% |

The \$0.21 per share dividend paid on May 31, 2003 was the 172nd consecutive quarterly dividend paid by the Company since it became publicly owned in July 1960.

C o n t e n t s

2

Letter To Shareholders

We are pleased to report our financial and operating performance for fiscal year 2003.

6

One Company & Many Businesses

Our strong operating units fit together to create one apparel company that reflects a diversified revenue base, providing a blend of stability and balance that is unique in the apparel industry.



8

Oxford & Tommy Bahama

The acquisition of Viewpoint and its Tommy Bahama brand is a great fit for us, creating an array of growth opportunities.

10

A New Brand & An Existing Portfolio

With the addition of the Tommy Bahama brand, our portfolio of licensed and owned labels is positioned to offer more value-added products than ever before – strengthening consumer loyalty and commanding premium positioning.

12

Oxford & Two Great Customers

We enjoy strong relationships with nearly every major retailer in the industry. When these retailers expand, we're positioned to expand as well, increasing sales to an already established customer base.

14

Value-Added Knowledge & Global Resources

We put together 60 years of experience and knowledge as a major American apparel manufacturer with a global network of owned factories, joint ventures and strategic partners to provide retailers with a reliable, consistent and cost competitive resource.

16

Strategies & Results

Our focus on seven key operating strategies helps us deliver impressive results even in a challenging year for the apparel marketplace.

*Whether it's the apparel you wear
or the apparel business you operate,
there's nothing quite like a perfect fit.
Here are some we have found.*



DEAR SHAREHOLDERS



J. Hicks Lanier
Chairman and President

“Perfect Fit.” These were the words that came to mind when we first contemplated the acquisition of Viewpoint International, owner of the successful Tommy Bahama lifestyle brand. Now that this transaction is complete, we believe “Perfect Fit” characterizes it better than ever. By every measure, Viewpoint’s business complements our diverse portfolio of existing apparel businesses and significantly strengthens our strategic position in the marketplace. This acquisition was one of several accomplishments this year of which we are very proud. Let me share some details with you, beginning with our operating results for fiscal year 2003. These results do not include the Viewpoint acquisition which closed shortly after year-end.

OPERATING REVIEW

Net sales for the year increased 13% to \$765 million. All four Oxford operating groups enjoyed increases in sales and earnings for the year. Sales increases were driven primarily by growth in womenswear sportswear shipments and the rollout of Lands’ End product to Sears retail stores. Gross margins for the year increased 1.2 percentage points to 20.9% from 19.7% in the

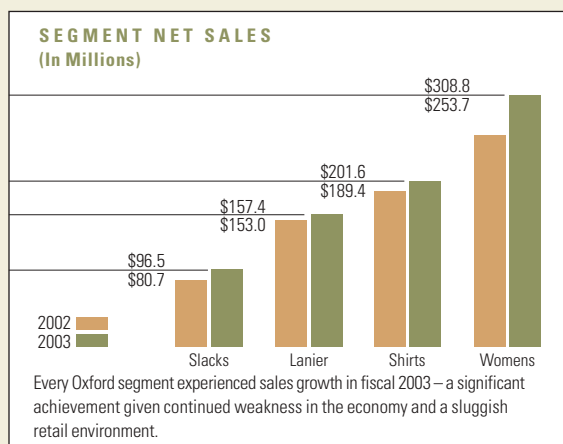
prior year. This increase was the result of improved manufacturing and sourcing efficiencies as well as ongoing supply chain management initiatives.

We successfully leveraged our operating expenses over a larger sales base resulting in an improvement in our selling, general and administrative expense margin to 16.3% from 17.1% last year. Sales growth combined with improved expenses resulted in diluted earnings per share soaring 91% to \$2.68 from \$1.40 last year. The results included costs associated with the closing of our Izod Club Golf business and the acquisition of Viewpoint International.

Our balance sheet at year-end reflects the proceeds of a \$200 million private placement of senior unsecured notes that were escrowed on May 16th in anticipation of the closing of the Viewpoint acquisition June 13, 2003. The additional debt brings our debt-to-total-capital ratio to 51%. While this financing increases the company’s leverage, our balance sheet remains strong and we are quite comfortable that our capital structure will serve us well in the years to come. We intend to deleverage as quickly as possible, preserving the strong capitalization and liquidity that we have enjoyed historically.

SEGMENT REVIEW

Oxford Slacks reported a sales increase of 20% to \$96.6 million for the fiscal year driven by the rollout of Lands’ End product to Sears retail stores. Higher sales volumes and improved capacity utilization resulted in an increase in operating earnings of 98% to \$7.6 million for the year.



The Oxford Shirt Group also benefited from the introduction of the Lands' End assortment to Sears stores, but the sales increase was partially offset by the decline in golf apparel shipments. Sales increased 6% to \$201.6 million and operating earnings increased four-fold to \$3.8 million despite the costs to close down the Izod Club Golf business. The improvement in profitability was primarily attributable to lower cost sourcing and fewer markdowns.

A rebound in women's sportswear shipments led the Oxford Womenswear Group to a sales increase of 22% to \$308.8 million from \$253.7 million last year. Operating earnings increased 82% to \$17.3 million. The higher sales volume and expense leverage resulted in the significant profitability improvement.

Lanier Clothes, the Company's tailored clothing group, reported a 3% sales increase over last year to \$157.4 million due primarily to growth in private label products. Operating earnings improved by 43% over last year to \$16.4 million due to more cost-effective sourcing and manufacturing and lower markdowns.

LONG-TERM STRATEGY EXECUTION

Our top strategic objective has long been the development of compelling, high-value-added products. Highest value is added through strong brand names, which was the compelling reason for the Viewpoint acquisition. The addition of Viewpoint provides us with a powerful consumer brand that blends well with our existing portfolio of brands. Over the past ten years, the Tommy Bahama message of a relaxed but sophisticated lifestyle has been executed consistently across a variety of product categories. As an aspirational lifestyle brand, Tommy Bahama has developed a loyal following of consumers who are willing to pay a premium price for a superior product.

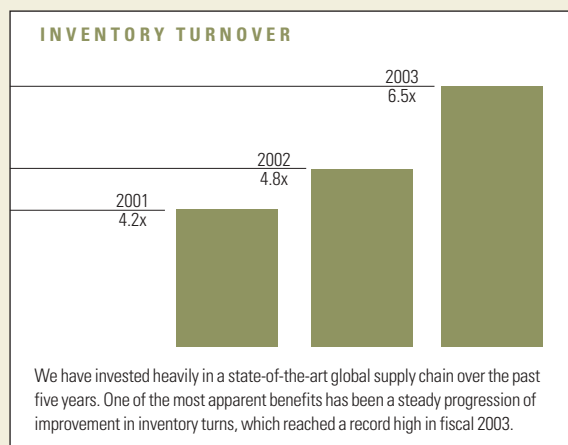
Tommy Bahama also expands Oxford's product offering into the bridge and luxury price categories, with higher price points and higher gross margins than most of our existing businesses. The acquisition allows us to penetrate three new distribution channels – upscale department stores, upscale independent specialty stores and the Tommy Bahama retail stores. Finally, the Tommy Bahama brand targets a growing and attractive demographic – an affluent consumer with high disposable income and stable fashion preferences.

SEVEN-STRATEGY PROGRAM

ACCOMPLISHMENTS

The plan to add more compelling, value-added products to our portfolio is only one of seven long-term operating strategies (listed on page 16 of this report) that we have consistently executed for the past several years. Our goal is not only to maintain a competitive position in the global marketplace, but also to generate long-term profitable growth for our shareholders by positioning Oxford as an invaluable resource for retail customers.

Some of our success stories to date include a state-of-the-art global supply chain. The benefits of this five-year effort are becoming more apparent every year. Our systems of forecasting, production planning and logistics enable us to do an exceptional job of ensuring that retailers have the right product at the right time at the right place. In the process, we are also better able to maintain inventory at appropriate levels, which leads to higher inventory turnover and lower markdowns. For fiscal year 2003, we achieved total inventory turnover of 6.5 times, the highest rate in Oxford's history.

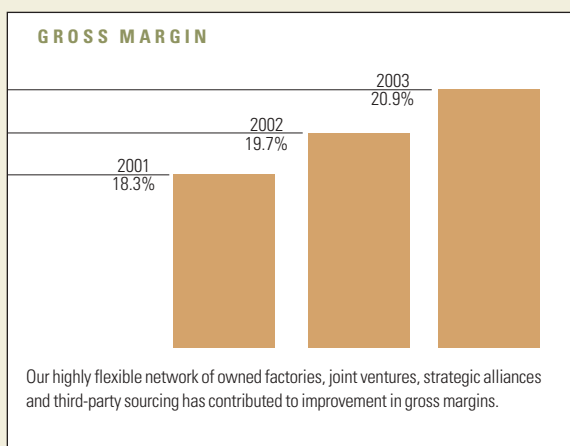


Ongoing investment in technology systems and superior merchandising capability continue to strengthen and grow our long-term customer relationships. Excellent customer service is key to this effort and one with measurable results – complete and on-time delivery performance has exceeded 90% in each of the last three years. Equally as important is extensive market knowledge of fashion and design trends that enable us to help customers merchandise great products. Indeed, this is a major reason why the Oxford Womenswear

DEAR SHAREHOLDERS

Group is now the largest supplier of women's sportswear to one of retailing's most successful and fastest-growing chains – Target.

Historically, the majority of our manufacturing was through Oxford-owned and -operated factories that required high capital commitments and provided little cyclical flexibility. Today, Oxford's manufacturing and sourcing base has evolved into a highly flexible network of owned factories, joint ventures, strategic alliances and third-party sourcing. Our fourth joint manufacturing facility, established this year in China, will provide us with additional access to globally cost-competitive production and strengthen our positioning in a quota-free environment. This network makes Oxford and our retail customers cost competitive in a global marketplace and has contributed to an improvement in our gross margins in each of the last three fiscal years.



NEW GROWTH OPPORTUNITIES

Many of our operational achievements in recent years have had a bottom-line orientation, largely focusing on cost competitiveness, asset utilization and inventory control. The Viewpoint acquisition combined with the strength of our existing customer relationships now provides us with several fresh top-line opportunities. Two significant merchandising initiatives this year have generated a great deal of excitement in the industry. The first, Dockers tailored clothing, is a sportcoat extension of one of menswear's leading slacks brands that will be targeted to mid-tier department stores and chain stores. Second, we created Oxford Golf as a traditional classification brand of men's golf

apparel sold to private clubs and resort destinations. We are optimistic about the future success for both of these initiatives.

Within Viewpoint, there remains significant untapped potential. Their recently introduced Island Soft and Indigo Palms labels have met with encouraging initial success. Other opportunities for growth include women's apparel, licensing and brand and product line extensions. We also plan to grow the Tommy Bahama retail store base, a business that to date has generated an exceptional level of profitability. Our plan calls for the addition of 5 to 10 stores annually for the next several years on a highly selective basis. While growth remains a priority, the overriding objective will be to maintain the integrity and unique point of view of the Tommy Bahama brands.

THE BEST INDUSTRY TALENT

Throughout this letter, I've spoken a great deal about Oxford's ability to execute its operating strategies. One of these strategies includes attracting and retaining the best possible talent in the industry. Our achievements of the past year certainly confirm that we are fulfilling this goal. My personal thanks to all of our employees and associates around the world for a job well done.

I also would like to welcome every member of the Viewpoint team to Oxford. One of the most attractive aspects of the acquisition was keeping a great management team – led by Tony Margolis, Lucio Dalla Gasperina, and Bob Emfield – on board to continue growing the Tommy Bahama brand. I am excited about the "Perfect Fit" that our organizations have put together and what we can accomplish going forward. I look forward to keeping you, our shareholders, updated on this progress. Thank you for your support.

J. Hicks Lanier
Chairman and President

August 15, 2003



Perfect Fit

Stretch, reach, expand, bend, flex, move, grow – this is what a perfect fit can allow you to do – easily and naturally. Oxford is fortunate to have businesses, brands, customer relationships, operations and strategies that fit together to create more productive environments. Here's what a Perfect Fit can do for Oxford.

In an industry where change is constant, a diverse business is critical to stability and consistent performance. With the addition of Viewpoint International, Oxford now consists of distinct operating units that span multiple apparel categories. We market a wide variety of products that encompass men's and women's apparel; casual and tailored clothing; separates and coordinates; and branded and private label. We target these products carefully to price points that range from budget and moderate to better and bridge. Similarly, the Company's customer base represents nearly every retailing distribution channel – from large national discounters to upscale specialty retailers.

This diversity creates a risk-managed balance of businesses – a relatively rare find in the apparel industry. It helps us to better weather and to capitalize on economic cycles, customer consolidation, fashion trends and the myriad of other factors that can influence performance in the retail environment. Our diversified structure also provides a breadth and depth of capabilities and resources that we can leverage to compete in a global marketplace – one in which rapid adaptability and flexibility can be the difference between success and failure.

OXFORD SLACKS is a leading manufacturer of private label dress and casual slacks, as well as walkshorts, vests and jackets. Major customers include catalog retailers, national department stores, discount chains and specialty retailers.

THE OXFORD SHIRT GROUP is a leading producer of branded and private label dress and sport shirts and golf apparel. Licensed and owned brands include Tommy Hilfiger, Oxford Golf, Ely Cattleman and Cumberland Outfitters. The Shirt Group serves specialty catalogs, chain and department stores, and resorts and pro shops.



LANIER CLOTHES is one of the industry’s largest producers of branded and private label tailored clothing for men. Brands include Oscar de la Renta, Nautica, Geoffrey Beene, Slates and Dockers. Its products are found in specialty catalogs and national department and chain stores.



OXFORD WOMENSWEAR GROUP is a major producer of budget and moderate-priced private label women’s apparel primarily for major mass market retailers. Products include sportswear, sportswear separates, outerwear and dresses.



VIEWPOINT INTERNATIONAL has grown the Tommy Bahama brand into one of the most successful lifestyle brands of the past decade. Tommy Bahama is a lifestyle company that defines elegant tropical living with men’s and women’s sportswear, denim, swimwear, accessories and home furnishings. Products are sold through upscale department stores, independent specialty stores and Tommy Bahama retail stores.



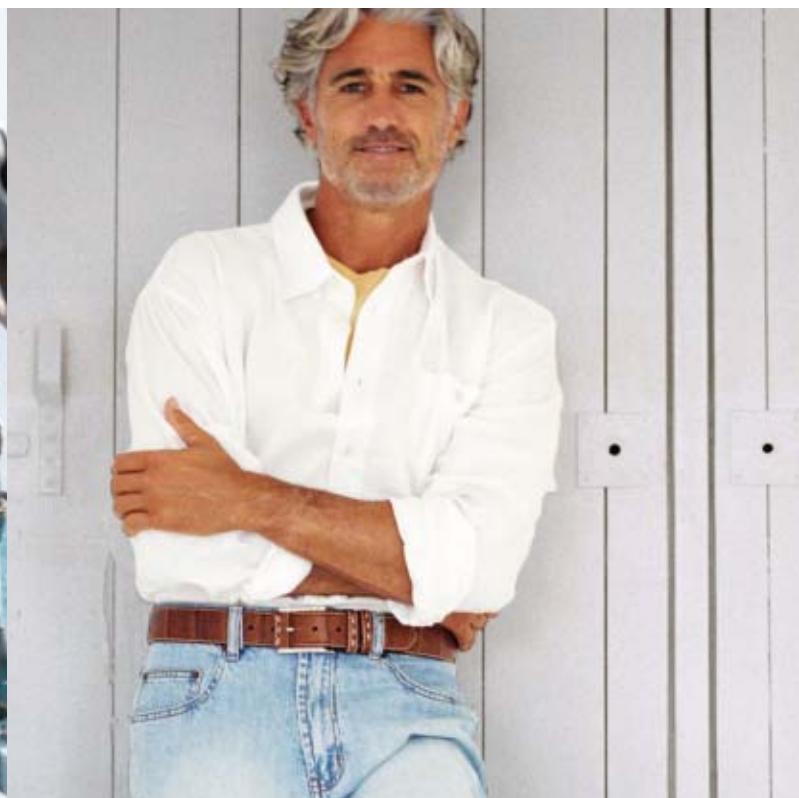
| | Oxford | Tommy Bahama | Combined |
|------------------------------|--------|--------------|----------|
| DISTRIBUTION CHANNELS | | | |
| Mass Merchants | • | | • |
| Department/Chain Stores | • | | • |
| Specialty Catalog | • | • | • |
| Upscale Department Stores | | • | • |
| Upscale Specialty Stores | | • | • |
| Company-Owned | | • | • |
| PRICE POINTS | | | |
| Budget | • | | • |
| Moderate | • | | • |
| Better | • | • | • |
| Bridge | | • | • |
| Luxury | | • | • |

The acquisition of Viewpoint International this year brings one of retail's most successful lifestyle brands to Oxford. Viewpoint began building the Tommy Bahama brand in 1992 as a men's lifestyle brand – centered on the idea that every day is a vacation day. With the majority of its product portfolio maintaining annual continuity, its casual, tropical island-themed products have a timeless appeal that allow it to transcend seasons and fashion trends. Today, Tommy Bahama apparel includes both men's and women's lines sold in upscale department stores, upscale specialty stores and its own Tommy Bahama retail stores. Viewpoint also licenses the brand carefully in other select categories, such as home furnishings, footwear and accessories.

Tommy Bahama represents the largest and most recognized brand Oxford has owned to date. This presents several compelling growth opportunities. Launched in 1992, the brand is relatively young, compared to similar brands in the marketplace. In acquiring the brand, Oxford also has acquired a management team with a successful track record of brand development and management that can be leveraged in the future. Most importantly, Tommy Bahama is a lifestyle brand. The ability to build line extensions to other product categories, to launch new profit centers through retail stores and to develop brand extensions demonstrate the vast upside that a lifestyle brand can bring – an upside upon which Oxford can now fully capitalize.

Lifestyle brands like Tommy Bahama create growth opportunities beyond apparel into other attractive consumer product categories, such as accessories and home fashion, as well as retail store concepts.

One of Viewpoint's core competencies is the incubation and development of new brands that can fuel new growth. In Fall 2001, the Company introduced Indigo Palms, an extension of the Tommy Bahama brand into the denim market.



Women's apparel presents substantial opportunity for growth and expansion of the Tommy Bahama brand.



Distinctive. Unique. Premium. These are a few of the descriptors that come to mind with a successful apparel brand. Three decades ago, Oxford recognized the compelling value of a powerful brand and the premium market position it can afford a supplier. As a result, we began to license some of the most noteworthy designer names in the industry and to build a brand management skill set that major designers could appreciate. Our portfolio today includes labels such as Oscar de la Renta, Nautica, Geoffrey Beene, Tommy Hilfiger, Slates and Dockers – each focused on a specific segment of the market.

Tommy Bahama is a powerful addition to this portfolio. Oxford adds a proven, yet rapidly growing, name to its portfolio of brands that does not conflict with existing businesses. It also provides an entry into the bridge price category, an attractive market position with higher price points and gross margins. Its customer base of upscale department and specialty stores represents significant new distribution channels for Oxford. As a more upscale brand, Tommy Bahama also targets a more upscale consumer – generally men and women ages 35-65 who earn \$150,000 or more per year. Overall, the acquisition of Viewpoint and Tommy Bahama further diversifies and extends Oxford's business base.



Oxford has over 30 years of experience in brand management of designer labels and today counts seven major brands in its portfolio.



PERFECT FIT

Oxford & Two Great Customers

BENEFIT

Increased Sales

What happens when one of your largest customers gets acquired by another customer? Good things. At least in the case of Sears' 2002 acquisition of Lands' End. Since last Fall, Sears has been rolling out apparel from the giant specialty catalog retailer to its stores. As the largest supplier to Lands' End, Oxford has seen a significant sales impact. Approximately 400 stores had introduced Lands' End product by the spring of 2003. All 872 Sears locations are expected to carry Lands' End by the Fall of 2003.

Such a massive rollout requires a supplier with considerable resources and capabilities. This means not only manufacturing capacity, but also technology systems and logistical support necessary to coordinate the effort. For Oxford, the investments and improvements in its global supply chain over the past five years were both timely and critical to the success of the Sears/Lands' End initiative.

Oxford is fortunate to count not only Lands' End and Sears as major customers, but also Federated Department Stores, JCPenney, May Department Stores, Target, Wal-Mart and L.L.Bean. These and other retailers form a base of 8,900 customers. The acquisition of Viewpoint brings another 1,450 customers, including Nordstrom and Saks.

This base is defined as much by quality as it is by quantity. Oxford's relationship with its major customers generally spans 20 to 30 years. The Company has consistently been honored by many of these retailers with vendor awards and recognition.

Given the breadth of Oxford's customer base combined with the depth of its relationships with the first names of American retailing, it's a good bet that when good things happen to a customer, good things happen to Oxford.



Since acquiring Lands' End in 2002, Sears is rolling out Lands' End products and "stores within a store" concepts to its locations nationwide. As the largest supplier to Lands' End, Oxford has had a major presence in this rollout and enjoyed significant sales benefits.



PERFECT FIT

Value-Added
Knowledge &
Global Resources

BENEFIT

A Competitive
Cost Structure

Retailing today is synonymous with competition. A crowded marketplace and continued economic uncertainty demand that products be sourced through the most efficient channel possible. Market dynamics, however, also demand quality products stocked when and where they need to be.

Oxford's 60 years of manufacturing experience and global resources make it an ideal supplier to meet the challenges of this retail environment. Although 98% of Oxford products are made outside the U.S., the Company's expertise is rooted in American standards. Oxford exports this knowledge around the world through a variety of arrangements – from company-owned and -operated factories to strategic partnerships to third-party sources.

While this manufacturing reach and flexibility ensures cost competitiveness, it also creates a vast and complex set of logistics to navigate and issues to manage such as trade regulations, labor, transportation and material sourcing issues. Over the past five years, Oxford has invested heavily in



Below
Oxford's merchandising teams must have a global perspective on every aspect of fashion retailing – from design trends to fabric sourcing. This enables them to provide the right product at the right price to their diverse customer base.

information systems designed to manage the process of making product in one part of the world and getting it to another on time and to customer specification.

Oxford also can be an invaluable global partner to retailers. The Company's design team travels to fashion centers around the world to stay abreast of emerging trends in order to help retailers have fashion-right products. Additionally, Oxford can deploy a state-of-the art statistical forecasting system that helps large retailers identify exactly what product, including quantity, size, color and style, is needed in specific locations based on historical sales and customer traffic data. This enables Oxford and its retailers to plan future demand with current orders – a major tool in maintaining well-balanced inventories. The overall result is a global supply chain that provides the Company with a major advantage over many offshore suppliers who are not as well equipped to meet the needs of American retailers.



1

Compelling, High-Value-Added Products

We will give marketing priority to brands, market positions, product classifications, retail sectors, consumer groups and specific customers that provide the best opportunities for our products and services to distinguish themselves from commodity-priced competition.

2

Customer-Driven Success

We will strive to increase each customer's sales and profits and our competitive advantage by anticipating, understanding and satisfying their specific needs better than our competitors do.

3

Superior People and Organization

Success in our progressively faster moving, more complex business environment requires recruiting and retaining talented, motivated people and empowering them to decide and act.

4

Globally Competitive Costs and Expenses

Our strategy for achieving ongoing globally competitive costs in this environment is a flexible, changing blend of owned factories, joint ventures, strategic alliances and arms-length purchases.

5

Superior Knowledge and Information

We believe that superior knowledge and information about the markets to which we sell and the markets from which we source can be a basis for competitive advantage. Our goal is to become the best knowledge- and information-based apparel company.

6

Operating Discipline and Control

Satisfying our customers requires operating discipline and control throughout the business process – from booking only deliverable orders through ensuring complete and on-time shipments.

7

Adaptability to Change

We must be vigilant, flexible and adaptable in our response to the changing dynamics of our business. We must be willing to exchange our paradigms, our business models, our processes, our structures or even the very nature of our business to adapt to the changes we will face.

2003

FINANCIAL INFORMATION

Oxford Industries, Inc. and Subsidiaries

| | |
|---|----|
| Selected Financial Data | 18 |
| Management's Discussion and Analysis | 19 |
| Consolidated Balance Sheets | 29 |
| Consolidated Statements of Earnings | 30 |
| Consolidated Statements of Stockholders' Equity | 30 |
| Consolidated Statements of Cash Flows | 31 |
| Notes to Consolidated Financial Statements | 32 |
| Management's Responsibility for Financial Reporting | 41 |
| Report of Independent Auditors | 42 |
| Directors and Officers | 43 |
| Shareholder Information | 44 |

SELECTED FINANCIAL DATA

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

\$ and shares in thousands, except per share amounts

| <i>Year ended:</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> | <i>June 1, 2001</i> | <i>June 2, 2000</i> | <i>May 28, 1999</i> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net sales | \$764,602 | \$677,264 | \$812,495 | \$839,533 | \$862,435 |
| Cost of goods sold | 604,891 | 544,016 | 663,484 | 685,841 | 698,170 |
| Selling, general and administrative expenses | 124,362 | 115,729 | 119,390 | 112,056 | 116,284 |
| Earnings before interest and taxes | 35,349 | 17,519 | 29,621 | 41,636 | 47,981 |
| Interest, net | 1,935 | 243 | 4,870 | 3,827 | 4,713 |
| Earnings before income taxes | 33,414 | 17,276 | 24,751 | 37,809 | 43,268 |
| Income taxes | 13,087 | 6,704 | 9,405 | 14,368 | 16,875 |
| Net earnings | 20,327 | 10,572 | 15,346 | 23,441 | 26,393 |
| Basic earnings per common share | 2.70 | 1.41 | 2.06 | 3.04 | 3.15 |
| Basic number of shares outstanding | 7,517 | 7,494 | 7,466 | 7,718 | 8,369 |
| Diluted earnings per common share | 2.68 | 1.40 | 2.05 | 3.02 | 3.11 |
| Diluted number of shares outstanding | 7,572 | 7,549 | 7,485 | 7,751 | 8,477 |
| Dividends | 6,314 | 6,304 | 6,249 | 6,444 | 6,801 |
| Dividends per share | 0.84 | 0.84 | 0.84 | 0.84 | 0.82 |
| Total assets | 494,365 | 250,513 | 263,240 | 334,058 | 335,322 |
| Long-term obligations | 198,586 | 139 | 399 | 40,513 | 40,689 |
| Stockholders' equity | 189,365 | 175,201 | 168,940 | 164,314 | 154,351 |
| Capital expenditures | 2,051 | 1,528 | 4,332 | 5,927 | 7,063 |
| Depreciation and amortization | 5,987 | 8,888 | 9,249 | 9,393 | 8,933 |
| Book value per share at year-end | 25.18 | 23.31 | 22.81 | 21.48 | 19.46 |
| Return on average stockholders' equity | 11.2% | 6.1% | 9.2% | 14.7% | 16.8% |
| Return on average total assets | 5.5% | 4.1% | 5.1% | 7.0% | 8.2% |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

You should read the following discussion and analysis in conjunction with our Consolidated Financial Statements and the Notes to Consolidated Financial Statements contained in this Annual Report.

OVERVIEW

We are one of the largest designers, manufacturers, marketers and wholesalers of consumer apparel products in the United States. Our primary customers include specialty catalog retailers, national chain stores, department stores and mass merchants. Our business is operated through the following groups: the Oxford Shirt Group, Lanier Clothes, Oxford Slacks and the Oxford Womenswear Group.

A number of factors had a significant impact on our results of operations for the fiscal year ended May 30, 2003. These factors include, among others, the continued decline in the consumer price indexes for apparel products, shifts in our sourcing base and the acquisition by Sears, Roebuck & Co. ("Sears") of Lands' End, Inc. ("Lands' End"), one of our significant customers.

General business conditions in the apparel industry continue to be extremely competitive, characterized by weak demand and oversupply. Many major apparel retailers have reported declines in same-store sales during recent months. Consumer price indexes for apparel products have declined in each of the past five years ended May 2003. Lower retail selling prices have resulted in lower wholesale selling prices during the fiscal year ended May 30, 2003. In response to this deflation at the wholesale pricing level, we have succeeded in lowering the cost of our products through various initiatives to improve our sourcing, manufacturing and supply chain management operations.

The migration of a portion of our production capacity from owned or leased facilities in the Caribbean Basin and Mexico to low-cost joint ventures in China and India, as well as to full package purchases from low-cost vendors throughout the world, has contributed to the decline in our cost of goods sold during the current fiscal year. The reduction in Caribbean Basin and Mexican capacity resulted in more efficient operation of our remaining facilities in the region. Supply chain management initiatives have enabled us to more effectively plan inventory requirements, which have resulted in lower average inventory levels and lower exposure to inventory

markdowns. We also continue to take advantage of various free trade agreements throughout the world. These agreements permit us to avoid paying duty on qualifying products from eligible countries. In the absence of a free trade agreement or other trade preference, duty rates on the product categories that constitute the majority of our sales are in the 15% – 20% range.

On June 17, 2002, Sears completed the acquisition of Lands' End. For Fall 2002, Sears introduced an assortment of Lands' End apparel products to a number of Sears' larger retail stores. The roll-out continued to more stores in the Spring 2003 season and will be substantially completed in the Fall 2003 season. Throughout the rollout, a majority of our shipments of Lands' End products to Sears stores have been attributable to establishing initial base inventory levels in Sears stores.

SUBSEQUENT EVENT

On June 13, 2003, we acquired all of the outstanding capital stock of Viewpoint International, Inc. The transaction is valued at up to \$325.0 million, consisting of \$240.0 million in cash, \$10.0 million in Oxford common stock and up to \$75.0 million in contingent payments subject to achievement by Viewpoint of certain performance targets. The transaction was financed by a \$200.0 million private placement of senior unsecured notes completed on May 16, 2003 and a new \$275.0 million senior secured revolving credit facility completed on June 13, 2003. Viewpoint owns the Tommy Bahama lifestyle brand that is used to market a wide array of products and services including apparel, footwear, accessories, home furnishings and restaurants.

RESULTS OF OPERATIONS

The following discussion provides information and analysis of our results of operations for the fiscal years ended May 30, 2003, May 31, 2002 and June 1, 2001, respectively. The following table sets forth the line items in the Consolidated Statements of Earnings data both in dollars and as a percentage of net sales. The table also sets forth the percentage change of the data as compared to the prior year. We have calculated all percentages set forth below based on actual data, but percentage columns may not add due to rounding.

| \$ in thousands | Fiscal Year | | |
|---|------------------|-----------|-----------|
| | 2003 | 2002 | 2001 |
| Net Sales | \$764,602 | \$677,264 | \$812,495 |
| Cost of Goods Sold | 604,891 | 544,016 | 663,484 |
| Gross Profit | 159,711 | 133,248 | 149,011 |
| Selling, General & Administrative | 124,362 | 115,729 | 119,390 |
| Earnings Before Interest and Taxes | 35,349 | 17,519 | 29,621 |
| Interest, Net | 1,935 | 243 | 4,870 |
| Earnings Before Income Taxes | 33,414 | 17,276 | 24,751 |
| Income Taxes | 13,087 | 6,704 | 9,405 |
| Net Earnings | \$ 20,327 | \$ 10,572 | \$ 15,346 |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

| | Fiscal Year Percent of Sales | | | Percent Change | |
|---|---------------------------------|--------|--------|----------------|---------|
| | 2003 | 2002 | 2001 | 02-03 | 01-02 |
| Net Sales | 100.0% | 100.0% | 100.0% | 12.9% | (16.6%) |
| Cost of Goods Sold | 79.1% | 80.3% | 81.7% | 11.2% | (18.0%) |
| Gross Profit | 20.9% | 19.7% | 18.3% | 19.9% | (10.6%) |
| Selling, General & Administrative | 16.3% | 17.1% | 14.7% | 7.5% | (3.1%) |
| Earnings Before Interest and Taxes | 4.6% | 2.6% | 3.6% | 101.8% | (40.9%) |
| Interest, Net | 0.3% | 0.0% | 0.6% | 696.3% | (95.0%) |
| Earnings Before Income Taxes | 4.4% | 2.6% | 3.0% | 93.4% | (30.2%) |
| Income Taxes | 1.7% | 1.0% | 1.2% | 95.2% | (28.7%) |
| Net Earnings | 2.7% | 1.6% | 1.9% | 92.3% | (31.1%) |

SEGMENT DEFINITION

We identify operating segments based on the way we organize the components of our business for purposes of allocating resources and assessing performance. Our business segments are the Oxford Shirt Group, Lanier Clothes, Oxford Slacks and the Oxford Womenswear Group. The Oxford Shirt Group operations encompass branded and private label dress and sport shirts and branded golf apparel. Lanier Clothes produces branded and private label suits, sportcoats, suit separates and dress slacks. Oxford Slacks is a producer of private

label dress slacks, casual slacks and walkshorts. The Oxford Womenswear Group is a producer of private label women's sportswear. Corporate and Other is a reconciling category for reporting purposes and includes our corporate offices, transportation and logistics, intercompany eliminations, LIFO inventory accounting adjustments and other costs that are not allocated to the operating groups. All data with respect to the specific segments is presented before applicable intercompany eliminations. See Note N of Notes to Consolidated Financial Statements.

| Net Sales | \$ in thousands | Fiscal Year | | | Percent Change | |
|-------------------------|-----------------|------------------|-----------|-----------|----------------|---------|
| | | 2003 | 2002 | 2001 | 02-03 | 01-02 |
| Oxford Shirt Group | | \$201,567 | \$189,380 | \$220,949 | 6.4% | (14.3%) |
| Lanier Clothes | | 157,385 | 153,060 | 175,062 | 2.8% | (12.6%) |
| Oxford Slacks | | 96,564 | 80,693 | 103,096 | 19.7% | (21.7%) |
| Oxford Womenswear Group | | 308,762 | 253,723 | 312,973 | 21.7% | (18.9%) |
| Corporate and Other | | 324 | 408 | 415 | (20.6%) | (1.7%) |
| Total | | \$764,602 | \$677,264 | \$812,495 | 12.9% | (16.6%) |

| Earnings Before Interest and Taxes | \$ in thousands | Fiscal Year | | | Percent Change | |
|---|-----------------|-----------------|-----------|------------|----------------|----------|
| | | 2003 | 2002 | 2001 | 02-03 | 01-02 |
| Oxford Shirt Group | | \$ 3,819 | \$ 742 | \$ (1,385) | 414.7% | 153.6% |
| Lanier Clothes | | 16,444 | 11,477 | 12,557 | 43.3% | (8.6%) |
| Oxford Slacks | | 7,574 | 3,823 | 6,054 | 98.1% | (36.9%) |
| Oxford Womenswear Group | | 17,321 | 9,538 | 15,455 | 81.6% | (38.3%) |
| Corporate and Other | | (9,809) | (8,061) | (3,060) | (21.7%) | (163.4%) |
| Total | | \$35,349 | \$ 17,519 | \$ 29,621 | 101.8% | (40.9%) |

Fiscal 2003 Compared to 2002

TOTAL COMPANY

Net sales for fiscal 2003 were \$764.6 million, an increase of 12.9% from net sales of \$677.3 million in fiscal 2002. The increase was due to a 24.3% increase in the number of units shipped offset by a 9.1% decline in the average selling price per unit. The increase in unit sales extended to all operating segments and was primarily due to growth in mass merchant and chain store channels of distribution, and included the rollout of Lands' End apparel into selected Sears stores. The decline in the average selling price per unit was due to a shift in product mix toward a higher proportion of lower priced products as a result of the increase in shipments to the mass merchant distribution channel and continued year-to-year deflation in apparel prices.

Cost of goods sold for fiscal 2003 was \$604.9 million, or 79.1% of net sales, compared to \$544.0 million or 80.3% of net sales in fiscal 2002. The relative decline in cost of goods sold was due to the continuation of more cost-effective sourcing and improved manufacturing efficiencies. Reductions in manufacturing capacity in Mexico and the Caribbean Basin and increased sales enabled us to more efficiently utilize our remaining capacity. We also established an additional manufacturing joint venture in China during the second quarter. Improved inventory management and supply chain initiatives resulted in lower markdowns.

Selling, general and administrative expenses (SG&A) increased \$8.6 million or 7.5% from \$115.7 million in fiscal 2002 to \$124.4 million in fiscal 2003. As a percentage of net sales, SG&A declined from 17.1% in the prior year to 16.3% in the current year. SG&A, in the current year, includes incentive compensation costs of \$10.2 million compared to \$2.2 million in the prior year, \$2.6 million of costs to close the Izod Club Golf operations, which are detailed more fully in the Oxford Shirt Group segment discussion below, and \$1.1 million of acquisition due diligence costs. Included in SG&A in fiscal 2002 were \$2.4 million in losses from the sales of pre-petition Kmart receivables, approximately \$1.0 million of financing costs reflected as SG&A expense for our accounts receivable securitization facility and approximately \$2.0 million in goodwill amortization. With the adoption of SFAS 142 in fiscal 2003, goodwill ceased to be amortized.

Interest expense increased from \$0.2 million in fiscal 2002 to \$1.9 million in the current year. In the prior year, approximately \$1.0 million of financing costs for our trade receivables securitization facility were reflected as SG&A expense rather than interest expense. Current year interest expense includes acquisition interest expense of \$1.8 million, of which \$1.0 million related to a bridge financing commitment in connection with the Viewpoint acquisition agreement. The bridge financing commitment was established to provide contingent financing in the event the placement of the senior notes was delayed. The bridge financing commitment was terminated upon successful completion of the senior notes offering. Costs incurred relating to this arrangement during the fourth quarter were reflected as additional interest expense.

The effective tax rate was approximately 39.2% for fiscal 2003 and 38.8% for fiscal 2002. Variations in the rate are primarily attributable to the relative distribution of pre-tax earnings among the various taxing jurisdictions in which we operate.

Segment Results

OXFORD SHIRT GROUP

The Oxford Shirt Group reported a net sales increase of 6.4% from \$189.4 million in fiscal 2002 to \$201.6 million in fiscal 2003. The increase resulted from a unit sales increase of 16.6%, partially offset by an 8.7% decline in the average selling price per unit. The unit sales increase was primarily due to the rollout of Lands' End apparel into selected Sears stores, partially offset by a decline in shipments of golf products. The decline in the average selling price per unit was primarily due to a shift in product mix toward a higher proportion of lower priced products as a result of the decrease in shipments of golf products and continued deflation in apparel prices. Earnings Before Interest and Taxes (EBIT) increased from \$0.7 million in fiscal 2002 to \$3.8 million in fiscal 2003. The improvement in EBIT was due to the increased sales volume, increased manufacturing efficiency and lower markdowns.

During the year we closed the Izod Club European Golf operation. Total costs incurred during the second quarter to close the European operation were approximately \$1.3 million. Of the total costs incurred, approximately \$0.8 million related to inventory markdowns and were recognized as additional cost of goods sold, and \$0.5 million related primarily to severance costs and an increase in the allowance for doubtful accounts, which was recognized as additional SG&A. Significantly all of the costs were settled prior to year-end. Net sales for the European operation were \$1.2 million in fiscal 2002 and \$0.5 million in fiscal 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

During the year we announced our decision to close our Izod Club U.S. Golf operation in fiscal 2004 upon completion of shipping the Fall 2003 season. Total costs incurred during the fourth quarter related to the closure were approximately \$3.0 million. Of the total costs incurred, approximately \$0.9 million related to additional inventory markdowns incurred associated with the closure, approximately \$1.7 million related to a license termination fee which will be paid in four equal quarterly installments during calendar 2004, with the remaining \$0.4 million related to severance and other miscellaneous costs. The costs associated with the inventory markdowns were recognized as additional cost of goods sold while all other costs incurred were recognized as additional SG&A expense. At May 30, 2003 significantly all of the amounts related to the severance had been paid, while the remaining amounts related to inventory markdowns and the termination fee will be reduced as the related inventory is sold and license fees are paid during the 2004 and 2005 fiscal years. Net sales for the U.S. operation were \$24.5 million in fiscal 2002 and \$18.1 million in fiscal 2003.

LANIER CLOTHES

Lanier Clothes reported a net sales increase of 2.8% from \$153.1 million in fiscal 2002 to \$157.4 million in fiscal 2003. The increase was due to a 9.4% increase in the units shipped, partially offset by a 6.0% decline in the average selling price per unit. The unit sales increase was due to increased private label business. The decline in the average selling price was due to deflation in menswear apparel and a shift in product mix toward a higher proportion of lower priced products. EBIT increased 43.3% from \$11.5 million in fiscal 2002 to \$16.4 million in fiscal 2003. The increase in EBIT was due to increased sales volume, lower markdowns, more cost-effective sourcing and improved manufacturing efficiency.

OXFORD SLACKS

Oxford Slacks reported a net sales increase of 19.7% from \$80.7 million in fiscal 2002 to \$96.6 million in fiscal 2003. The sales increase was due to an 18.3% increase in unit sales and a 1.2% increase in the average selling price per unit. The unit sales increase was primarily driven by the rollout of Lands' End apparel to selected Sears stores and growth in the specialty catalog distribution channel. The increase in the average selling price per unit was due to a more favorable product mix, partially offset by continued deflation in apparel prices. EBIT increased 98.1% from \$3.8 million in fiscal 2002 to \$7.6 million in fiscal 2003. The improvement in EBIT was due to the increase in sales volume, the more favorable product mix and improved manufacturing performance due to higher volumes.

OXFORD WOMENSWEAR GROUP

The Oxford Womenswear Group reported a sales increase of 21.7% from \$253.7 million in fiscal 2002 to \$308.8 million in fiscal 2003. The increase in net sales was due to a 29.3% increase in unit sales volume, partially offset by a 7.1% decline in the average selling price per unit. The increase in unit volume came primarily in the mass merchant distribution channel. The decline in the average selling price per unit was partially due to product mix and partially due to the continued deflation in apparel prices. EBIT increased 81.6% from \$9.5 million in fiscal 2002 to \$17.3 million in fiscal 2003. The increase in EBIT was primarily due to the increased sales volume and increased leveraging of SG&A.

CORPORATE AND OTHER

The Corporate and Other decline in EBIT was primarily due to higher accrued incentive compensation cost due to improved financial performance of \$3.3 million and acquisition due diligence costs of \$1.1 million partially offset by LIFO accounting adjustments of \$0.3 million. The LIFO adjustment is net of a \$0.5 million charge which related to the LIFO accounting treatment of inventory markdowns taken in excess of the inventory's LIFO cost associated with the decision to close our Izod Club U.S. Golf operation. Total inventory markdowns in excess of LIFO costs were \$1.4 million. Prior year Corporate and Other included \$1.0 million of financing costs under our accounts receivable securitization facility and a reclassification of bad debt expense resulting in an increase in bad debt expense under Corporate and Other of approximately \$1.4 million.

Fiscal 2002 Compared to 2001

TOTAL COMPANY

Net sales for fiscal 2002 were \$677.3 million, a decrease of \$135.2 million, or 16.6%, from net sales of \$812.5 million in fiscal year 2001. The decline was due to a 14.4% decline in the number of units shipped compounded by a 2.7% decline in the average selling price per unit. We attribute the sales decline to deteriorating economic conditions and continued weakness in apparel sales at retail, particularly in the aftermath of September 11, 2001. The decline was broad-based and affected all operating segments and all major channels of distribution. Branded apparel made up a larger percentage of total sales than in the prior year, effectively shifting the sales mix to a higher average selling price. However, continued deflation in apparel prices caused the overall selling price per unit to decline.

Cost of goods sold for fiscal 2002 was \$544.0 million, or 80.3% of net sales, compared to \$663.5 million, or 81.7% of net sales, in fiscal 2001. The improvement was primarily the result of more cost-effective sourcing, offset partially by the cost of closing two manufacturing facilities in Mexico and reducing the capacity of facilities in Honduras and the Dominican Republic. We established new manufacturing joint ventures in India and China and continued the transition of manufacturing support functions from the U.S. to offshore locations. In fiscal 2002, we changed our method of calculating last-in, first-out (LIFO) inventories to provide for a better matching of costs and revenues, to provide for a LIFO adjustment more representative of actual inflation on our inventories and to reduce the likelihood of LIFO layer liquidations during periods of overall growth in inventories. The cumulative effect of the change in method and the pro forma effects of the change on prior years' results of operations were not determinable. The effect of the change on our results of operations for fiscal 2002 was to reduce net income by \$3.0 million or \$0.40 per share diluted.

SG&A expenses in fiscal 2002 were \$115.7 million, a decline of \$3.7 million, or 3.1%, from \$119.4 million in fiscal 2001. The improvement was due to expense reduction initiatives and the discontinuation of the unprofitable DKNY Kids business, partially offset by losses of \$2.4 million from a bad debt charge related to the Kmart bankruptcy and approximately \$1.0 million of financing costs reflected as SG&A expense for our accounts receivable securitization facility.

Interest expense in fiscal 2002 was \$0.2 million, a decline of \$4.6 million from \$4.9 million in fiscal 2001. This decline was due in part to approximately \$1.0 million of financing cost for our accounts receivables securitization facility being reflected as SG&A expense rather than interest expense. The majority of the reduction in interest expense was due to lower average borrowing requirements, with lower average interest rates also contributing.

The effective tax rate was 38.8% in fiscal 2002 compared to 38.0% in fiscal 2001. The increase was primarily attributable to the relative level of earnings in the various taxing jurisdictions to which our earnings are subject.

Segment Results

OXFORD SHIRT GROUP

Our Oxford Shirt Group reported a net sales decline of 14.3% from \$220.9 million in fiscal 2001 to \$189.4 million in fiscal 2002. The sales decline was primarily due to a 9.3% decline in unit sales compounded by a 5.4% decline in the average selling price per unit. The unit sales decline primarily came in the private label sector in the specialty and department store channels of distribution. The discontinuation of the DKNY Kids business also contributed to the sales decline. Despite the loss in sales, more cost-effective product sourcing and reductions in SG&A expenses improved EBIT from a loss of \$1.4 million in fiscal 2001 to a profit of \$0.7 million in fiscal 2002. Subsequent to the end of fiscal 2001, we and Donna Karan International mutually agreed to terminate the DKNY Kids license as of December 31, 2001. We continued to service this business until the termination date. Sales for DKNY Kids were \$7.3 million and \$10.4 million in fiscal 2002 and fiscal 2001, respectively.

LANIER CLOTHES

Lanier Clothes reported a sales decline of 12.6% from \$175.1 million in fiscal 2001 to \$153.1 million in fiscal 2002. The sales decline was caused by an 8.8% decline in unit sales compounded by a 4.1% decline in the average selling price per unit. Continued weak demand from the group's department store customers was primarily responsible for the decline. Improved gross margins and reduced SG&A expenses partially offset the sales decline, resulting in an EBIT decline from \$12.6 million in fiscal 2001 to \$11.5 million in fiscal 2002.

OXFORD SLACKS

Oxford Slacks reported a sales decline of 21.7% from \$103.1 million in fiscal 2001 to \$80.7 million in fiscal 2002. The sales decline was due to a 12.7% unit sales decline compounded by a 10.4% decline in the average selling price per unit. Shipments to the group's specialty catalog customers declined significantly from the prior year, unfavorably impacting selling prices and gross margins. Reductions in SG&A expenses partially offset the gross profit decline. EBIT declined from \$6.1 million in fiscal 2001 to \$3.8 million in fiscal 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

OXFORD WOMENSWEAR GROUP

Our Oxford Womenswear Group reported a sales decline of 18.9% from \$313.0 million in fiscal 2001 to \$253.7 million in fiscal 2002. The sales decline was due to a 16.8% decline in units shipped compounded by a 2.5% decline in the average selling price per unit. This group experienced below plan performance on replenishment programs and lower shipments to a major mass merchant retailer. The Kmart bankruptcy also had a significant impact on this group's sales and earnings, resulting in a bad debt charge of approximately \$2.4 million and interrupted sales during the bankruptcy process. EBIT declined from \$15.5 million in fiscal 2001 to \$9.5 million in fiscal 2002.

CORPORATE AND OTHER

Our Corporate and Other reduction in EBIT from a loss of \$3.1 million in fiscal 2001 to a loss of \$8.1 million in fiscal 2002 was primarily due to the treatment of approximately \$1.0 million of financing cost for our accounts receivable securitization facility as SG&A expense rather than interest expense, a reclassification of bad debt expense resulting in an increase in bad debt expense under Corporate and Other of approximately \$1.4 million and under absorption of Corporate and Other cost by our operating groups due to reduced sales volume.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is cash flow from operations. We supplement operating cash flows with our \$65.0 million securitization facility and uncommitted bank lines of credit. On May 30, 2003, \$61.2 million was available under the securitization facility, of which none was outstanding. We had \$145.5 million in uncommitted lines of credit, of which \$125.0 million is reserved exclusively for letters of credit. We pay no commitment fees for these available lines of credit. At May 30, 2003, there were no direct borrowings and approximately \$77.0 million in letters of credit outstanding under these lines.

OPERATING ACTIVITIES

Change in cash flows from operating activities is primarily due to changes in net earnings and working capital. Changes in working capital are primarily monitored by analysis of the Company's investment in accounts receivable and inventory and by the amount of accounts payable. During fiscal 2003, we generated cash from operating activities of \$27.6 million, primarily from increased net earnings, increased trade payables and increased accrued expenses, offset by increased accounts receivable and inventory. The increase in trade payables was primarily due to the increase in inventory. The increase in accrued expenses was primarily due to increased incentive compensation costs. The accounts receivable increase was due to a slight increase in sales in the fourth quarter and a slight increase in days sales outstanding over the prior year. The inventory increase was due to inventory required to support increased core replenishment programs and an increase to what we consider to be more normal levels of operating stock as compared to last year's unusually low levels.

In fiscal 2002, we generated cash from operating activities of \$12.4 million. After adjusting for the off-balance-sheet treatment of our accounts receivable securitization facility, our cash flow from operating activities would have been \$68.4 million. That amount was primarily due to \$10.6 million in net earnings and decreased inventory partially offset by a decline in trade payables. The decline in inventory was due to improved supply chain management. The reduction in trade payables was primarily due to the reduction in inventory.

INVESTING ACTIVITIES

Capital expenditures were \$2.1 million for fiscal 2003, \$1.5 million for fiscal 2002 and \$4.3 million for fiscal 2001. The increase in restricted cash in fiscal 2003 represents the net proceeds from the senior unsecured notes plus accrued interest contained in the escrow account for the acquisition of Viewpoint International, Inc. The acquisition was completed on June 13, 2003.

FINANCING ACTIVITIES

On May 16, 2003, we completed a \$200.0 million private placement of senior unsecured notes in connection with the acquisition of Viewpoint International, Inc. The notes bear interest at 8.875%, have an 8-year life, and were sold at a discount of .713% (\$1.4 million) to yield an effective interest rate of 9.0%. The terms of the new notes provide certain limitations on additional indebtedness, and certain other transactions. Additionally, we are subject to certain financial covenants. The net proceeds from the senior notes were \$198.6 million. There was \$7.2 million in debt issuance cost incurred in issuing the senior notes.

We established a \$90.0 million securitization facility on May 3, 2001, under which we sell a defined pool of accounts receivable to a securitization conduit. We used proceeds from the securitization facility to eliminate bank borrowings. A January 31, 2002 amendment to the securitization facility discontinued its off-balance-sheet treatment and reduced the amount to \$65.0 million. We had \$56.0 million outstanding under the securitization facility as of June 1, 2001, \$0 at May 31, 2002, and \$0 on May 30, 2003. As collections reduced previously pledged interests, new receivables could be pledged. We terminated the accounts receivable securitization facility in June 2003 in connection with a new senior revolving credit facility established to finance the Viewpoint acquisition and provide for our working capital needs.

If the securitization facility had not been treated as off-balance-sheet at June 1, 2001, the accounts receivable balance at June 1, 2001 would have been increased by \$56.0 million to \$106.7 million, and the balance of short-term debt would have been \$56.0 million. Net cash generated by operations for fiscal 2002 would have been increased by \$56.0 million from \$12.4 million cash provided to \$68.4 million cash provided. Net cash provided by financing activities would have been decreased by \$56.0 million from \$4.6 million used to \$60.6 million cash used.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventories, intangible assets, income taxes, contingencies and litigation. We base our estimates on historical experience and various other assumptions that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Financial Reporting Release No. 60, which was released by the Securities and Exchange Commission, requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. The detailed Summary of Significant Accounting Policies is included in Notes to Consolidated Financial Statements. The following is a brief discussion of the more significant accounting policies and methods we use.

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

We consider revenue realized or realizable and earned when the following criteria are met: persuasive evidence of an agreement exists, delivery has occurred, our price to the buyer is fixed and determinable, and collectibility is reasonably assured. For accounts receivable, we estimate the net collectibility, considering both historical and anticipated trends of trade discounts and co-op advertising deductions taken by our customers, allowances we provide to our retail customers for a variety of reasons, and the possibility of non-collection due to the financial position of our customers.

INVENTORY

For segment reporting, inventory is carried at the lower of FIFO cost or market. We estimate the amount of goods that we will not be able to sell in the normal course of business and write down the value of these goods to the recovery value expected to be realized through off-price channels yielding a normal gross margin when shipped. If we incorrectly anticipate these trends or unexpected events occur, our results of operations could be materially affected. For consolidated financial reporting, inventory is valued at the lower of LIFO cost or market. As part of our LIFO accounting, markdowns are deferred until the period in which the goods are shipped, except for markdowns below the allocated LIFO reserve. The markdown deferral is reflected in Corporate and Other.

GOODWILL

The evaluation of goodwill under SFAS 142 requires valuations of each applicable underlying business. These valuations can be significantly affected by estimates of future performance and discount rates over a relatively long period of time, market price valuation multiples and transactions in related markets. These estimates will likely change over time. The transitional business valuation reviews required by SFAS 142 indicated that no reduction of the carrying value of goodwill for our business units was required. After the adoption of SFAS 142, goodwill is required to be evaluated annually, or more frequently if events or changes in circumstances indicate that the carrying amount may exceed fair value. If this review indicates an impairment of goodwill balances, the amount of impairment will be recorded immediately and reported as a component of current operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

Prior to adopting SFAS 142, goodwill was amortized over periods not exceeding 40 years. With the adoption of this standard, goodwill is not amortized; it is periodically reviewed for impairment as discussed above. SFAS 142 does not permit retroactive application to years prior to adoption. Therefore, earnings beginning in fiscal 2003 tend to be higher than earlier periods as a result of this accounting change. Goodwill amortization prior to the adoption of SFAS 142 was primarily in our Womenswear segment, and the amount of goodwill currently recorded is also primarily related to this segment.

SEASONALITY

Although our business is impacted by the general seasonal trends characteristic of the apparel and retail industries, we do not consider our revenue and earnings to be highly seasonal. As the timing of product shipments and other events affecting the retail business may vary, results for any particular quarter may not be indicative of results for the full year.

NEW ACCOUNTING STATEMENTS

Asset Retirement Obligations: In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), which requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the entity either settles the obligation for the amount recorded or incurs a gain or loss. SFAS 143 is effective for fiscal years beginning after June 15, 2002. We believe that the adoption of this statement will not have a material effect on our future results of operations.

Variable Interest Entities: In December 2002, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). The Interpretation requires that a variable interest entity be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns, or both. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. We believe the adoption of the Interpretation will not have a material impact on our financial position, results of operations or liquidity.

SUBSEQUENT EVENTS

On June 13, 2003, we acquired all of the outstanding capital stock of Viewpoint International, Inc. The transaction is valued at up to \$325.0 million, consisting of \$240.0 million in cash, \$10.0 million in Oxford common stock and up to \$75.0 million in contingent payments, subject to the achievement by Viewpoint of certain performance targets. Viewpoint owns the Tommy Bahama lifestyle brand that is used to market a wide array of products and services, including apparel, footwear, accessories, home furnishings and restaurants. Viewpoint also produces two additional collections under the Tommy Bahama label, Indigo Palms and Island Soft. It also operates over 30 Tommy Bahama retail locations across the country, six of which are retail/restaurant compounds. We anticipate operating Viewpoint as a business segment.

On June 13, 2003, we also entered into a new \$275.0 million senior secured revolving credit facility, which has a five-year term and bears interest, at our option, at rates determined from time to time based upon (1) the higher of the federal funds rate or the applicable prime rate plus a spread or (2) LIBOR plus a spread. Borrowings under the new senior secured revolving credit facility are subject to a borrowing base calculation based on our accounts receivable, inventory and real property.

On June 13, 2003, in connection with the completion of the Viewpoint acquisition, the net proceeds from our \$200.0 million senior notes offering were released from escrow. We used the net proceeds from our senior notes offering, together with limited borrowings under our new senior secured revolving credit facility and cash on hand, to finance the cash portion of the purchase price for the Viewpoint acquisition.

Prior to June 13, 2003, our \$65.0 million accounts receivable securitization program was terminated.

FUTURE LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations is our primary source of liquidity. Cash flow from operations will be supplemented with our new secured credit facility described above. On June 13, 2003, after giving effect to the acquisition of Viewpoint International, Inc., collateral availability under the new senior secured revolving credit facility totaled \$218.4 million, against which \$69.0 million in letters of credit and \$25.0 million in direct borrowings were outstanding.

FUTURE OPERATING RESULTS

We believe the current economic and retail environment will continue to be challenging. We expect the acquisition of Viewpoint International, Inc. to result in significant increased sales and earnings per share in the coming year. For our fiscal 2004, on a consolidated basis, we expect to report \$1.05 billion to \$1.1 billion in revenues and between \$4.35 and \$4.65 in diluted earnings per share.

MARKET RISK SENSITIVITY

TRADE POLICY RISK

Substantially all of our products are manufactured outside the United States. Most apparel imported into the United States is subject to duty and restrictive quotas on the number of garments that can be imported from certain countries into the United States each year. Because of the duty rates and quotas, changes in U.S. trade policy as reflected in various legislation, trade preference programs and trade agreements have the potential to materially impact our sourcing strategy and the competitiveness of our owned manufacturing facilities and existing contract manufacturing facilities. We manage this risk by continually monitoring U.S. trade policy, analyzing the impact of changes in such policy and adjusting our manufacturing and sourcing strategy accordingly.

FOREIGN CURRENCY RISK

We receive U.S. dollars for substantially all of our product sales. Substantially all inventory purchases from contract manufacturers throughout the world are also denominated in U.S. dollars; however, purchase prices for our products may be impacted by fluctuations in the exchange rate between the United States dollar and the local currencies of the contract manufacturers, which may have the effect of increasing our cost of goods sold in the future. During the last three fiscal years, exchange rate fluctuations have not had a material impact on our inventory costs; however, due to the number of currencies involved and the fact that not all foreign currencies react in the same manner against the United States dollar, we cannot quantify in any meaningful way the potential effect of such fluctuations on future income. We do not engage in hedging activities with respect to such exchange rate risk.

COMMODITY PRICE RISK

We are subject to commodity price risk arising from price fluctuations in the market prices of sourced garments or the various raw materials components of our manufactured products. We are subject to commodity price risk to the extent that any fluctuations in the market prices of our purchased garments and raw materials are not reflected by adjustments in selling prices of our products or if such adjustments significantly trail changes in these costs. We enter into neither significant long-term sales contracts nor significant long-term purchase contracts. We do not engage in hedging activities with respect to such risk.

INFLATION RISK

The consumer price index indicates deflation in apparel prices for at least the last five years. This deflation has resulted in the decline in the average selling price per unit for our Company as a whole. In order to maintain gross margins and operating profit, we constantly seek more cost-effective product sourcing, productivity improvements and cost containment initiatives, in addition to efforts to increase unit sales.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The matters in this Annual Report that are forward-looking statements, including but not limited to statements about our expected business outlook, anticipated financial and operating results, the anticipated benefits of the Viewpoint acquisition, growth of particular product lines, strategies, contingencies, financing plans, working capital needs, sources of liquidity, estimated amounts and timing of capital expenditures and other expenditures, are based on current management expectations that involve certain risks, which if realized, in whole or in part, could have a material adverse effect on Oxford's business, financial condition and results of operations, including, without limitation: (1) general economic cycles; (2) competitive conditions in our industry; (3) price deflation in the worldwide apparel industry; (4) our ability to identify and respond to rapidly changing fashion trends and offer innovative and upgraded products; (5) the price and availability of raw materials; (6) our dependence on and relationships with key customers; (7) the ability of our third-party producers to deliver quality products in a timely manner; (8) potential disruptions in the operation of our distribution facilities; (9) economic and political conditions in the foreign countries in which we operate or source our products; (10) regulatory risks associated with importing products; (11) the impact of labor disputes and wars or acts of terrorism on our business; (12) increased competition from direct sourcing; (13) our ability to maintain our licenses; (14) our ability to protect our intellectual property and prevent our trademarks, service marks and goodwill from being harmed by competitors' products; (15) our reliance on key management; (16) our inability to retain premium pricing on Tommy Bahama products due to competitive or other factors; (17) the impact of reduced travel to resort

locations on our sales; (18) risks related to our operation of restaurants under the Tommy Bahama name; (19) the integration of Viewpoint into our Company; (20) the expansion of our business through the Viewpoint acquisition into new businesses; (21) our ability to successfully implement our growth plans for Tommy Bahama; (22) our ability to open new Tommy Bahama stores; and (23) unforeseen liabilities associated with the acquisition of Viewpoint and other businesses.

For a further discussion of significant factors to consider in connection with forward-looking statements concerning Oxford, reference is made to Exhibit 99.1 to Oxford's Current Report on Form 8-K dated July 16, 2003; other risks or uncertainties may be detailed from time to time in Oxford's future SEC filings. Oxford disclaims any duty to update any forward-looking statements.

ADDITIONAL INFORMATION

For additional information concerning our operations, cash flows, liquidity and capital resources, this analysis should be read in conjunction with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements of this Annual Report.

CONSOLIDATED BALANCE SHEETS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

| <i>\$ in thousands, except per share amounts</i> | <i>Year ended:</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> |
|---|--------------------|---------------------|---------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 24,091 | \$ 17,591 | |
| Receivables, less allowance for doubtful accounts of \$3,505 in 2003 and \$3,390 in 2002 | 110,304 | 103,198 | |
| Inventories | 104,334 | 84,541 | |
| Prepaid expenses | 12,631 | 9,754 | |
| Total Current Assets | 251,360 | 215,084 | |
| Property, Plant and Equipment, Net | 21,971 | 27,188 | |
| Restricted Cash in Escrow | 204,986 | — | |
| Other Assets, Net | 15,929 | 8,241 | |
| Deferred Income Taxes | 119 | — | |
| Total Assets | \$494,365 | \$250,513 | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities: | | | |
| Trade accounts payable | \$ 59,031 | \$ 43,320 | |
| Accrued compensation | 23,556 | 12,752 | |
| Other accrued expenses | 15,063 | 12,250 | |
| Dividends payable | 1,579 | 1,578 | |
| Income taxes payable | 2,551 | — | |
| Current maturities of long-term debt | 134 | 255 | |
| Total Current Liabilities | 101,914 | 70,155 | |
| Notes Payable | 198,581 | — | |
| Other Long-term Debt, Less Current Maturities | 5 | 139 | |
| Noncurrent Liabilities | 4,500 | 4,500 | |
| Deferred Income Taxes | — | 518 | |
| Commitments and Contingencies (Note H) | | | |
| Stockholders' Equity: | | | |
| Preferred stock* | — | — | |
| Common stock** | 7,522 | 7,515 | |
| Additional paid-in capital | 14,759 | 14,615 | |
| Retained earnings | 167,084 | 153,071 | |
| Total Stockholders' Equity | 189,365 | 175,201 | |
| Total Liabilities and Stockholders' Equity | \$494,365 | \$250,513 | |

*Par value \$1 per share; authorized 30,000,000 preferred shares; none outstanding.

**Par value \$1 per share; authorized 30,000,000 common shares; issued and outstanding 7,521,749 in 2003 and 7,514,979 in 2002.

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

CONSOLIDATED STATEMENTS OF EARNINGS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

| <i>\$ in thousands, except per share amounts</i> | <i>Year ended:</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> | <i>June 1, 2001</i> |
|--|--------------------|---------------------|---------------------|---------------------|
| Net Sales | | \$764,602 | \$677,264 | \$812,495 |
| Cost of goods sold | | 604,891 | 544,016 | 663,484 |
| Gross Profit | | 159,711 | 133,248 | 149,011 |
| Selling, general and administrative | | 124,362 | 115,729 | 119,390 |
| Earnings Before Interest and Taxes | | 35,349 | 17,519 | 29,621 |
| Interest expense, net | | 1,935 | 243 | 4,870 |
| Earnings Before Income Taxes | | 33,414 | 17,276 | 24,751 |
| Income Taxes | | 13,087 | 6,704 | 9,405 |
| Net Earnings | | \$ 20,327 | \$ 10,572 | \$ 15,346 |
| Basic Earnings Per Common Share | | \$ 2.70 | \$ 1.41 | \$ 2.06 |
| Diluted Earnings Per Common Share | | \$ 2.68 | \$ 1.40 | \$ 2.05 |
| Basic Number of Shares Outstanding | | 7,517,360 | 7,493,678 | 7,465,788 |
| Diluted Number of Shares Outstanding | | 7,571,645 | 7,549,277 | 7,484,758 |
| Dividends Per Share | | \$ 0.84 | \$ 0.84 | \$ 0.84 |

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

| <i>\$ in thousands, except per share amounts</i> | <i>Common Stock</i> | <i>Additional Paid-in Capital</i> | <i>Retained Earnings</i> | <i>Total</i> |
|--|-------------------------|---|------------------------------|------------------|
| Balance, June 2, 2000 | \$7,651 | \$11,309 | \$145,354 | \$164,314 |
| Net earnings | — | — | 15,346 | 15,346 |
| Exercise of stock options | 45 | 861 | (64) | 842 |
| Purchase and retirement of common stock | (290) | (429) | (4,594) | (5,313) |
| Cash dividends, \$0.84 per share | — | — | (6,249) | (6,249) |
| Balance, June 1, 2001 | \$7,406 | \$11,741 | \$149,793 | \$168,940 |
| Net earnings | — | — | 10,572 | 10,572 |
| Exercise of stock options | 109 | 2,874 | (990) | 1,993 |
| Cash dividends, \$0.84 per share | — | — | (6,304) | (6,304) |
| Balance, May 31, 2002 | \$7,515 | \$14,615 | \$153,071 | \$175,201 |
| Net earnings | — | — | 20,327 | 20,327 |
| Exercise of stock options | 7 | 144 | — | 151 |
| Cash dividends, \$0.84 per share | — | — | (6,314) | (6,314) |
| Balance, May 30, 2003 | \$7,522 | \$14,759 | \$167,084 | \$189,365 |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

| <i>\$ in thousands</i> | <i>Year ended:</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> | <i>June 1, 2001</i> |
|---|--------------------|---------------------|---------------------|---------------------|
| Cash Flows from Operating Activities: | | | | |
| Net earnings | \$ 20,327 | \$ 10,572 | \$ 15,346 | |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 5,937 | 8,888 | 9,249 | |
| Amortization of deferred financing costs | 50 | — | — | |
| Loss (gain) on sale of property, plant and equipment | 462 | (31) | (62) | |
| Changes in working capital: | | | | |
| Receivables | (7,106) | (52,499) | 62,168 | |
| Inventories | (19,793) | 62,829 | 5,867 | |
| Prepaid expenses | (1,143) | (673) | (1,098) | |
| Trade accounts payable | 15,711 | (11,467) | (13,634) | |
| Accrued expenses and other current liabilities | 13,617 | (4,867) | (4,870) | |
| Income taxes payable | 2,551 | (2,924) | 1,776 | |
| Deferred income taxes | (2,371) | 2,844 | (102) | |
| Other assets | (649) | (285) | (247) | |
| Net cash provided by operating activities | 27,593 | 12,387 | 74,393 | |
| Cash Flows from Investing Activities: | | | | |
| Increase in restricted cash in escrow | (204,986) | — | — | |
| Purchase of property, plant and equipment | (2,051) | (1,528) | (4,332) | |
| Proceeds from sale of property, plant and equipment | 947 | 1,097 | 834 | |
| Net cash used in investing activities | (206,090) | (431) | (3,498) | |
| Cash Flows from Financing Activities: | | | | |
| Short-term debt repayments | — | — | (18,500) | |
| Long-term debt repayments | (255) | (268) | (40,056) | |
| Proceeds from issuance of notes | 198,581 | — | — | |
| Note issue costs | (7,167) | — | — | |
| Proceeds from exercise of stock options | 151 | 1,993 | 842 | |
| Purchase and retirement of common stock | — | — | (5,313) | |
| Dividends on common stock | (6,313) | (6,275) | (6,308) | |
| Net cash provided by (used in) financing activities | 184,997 | (4,550) | (69,335) | |
| Net change in cash and cash equivalents | 6,500 | 7,406 | 1,560 | |
| Cash and cash equivalents at the beginning of year | 17,591 | 10,185 | 8,625 | |
| Cash and cash equivalents at the end of year | \$ 24,091 | \$ 17,591 | \$ 10,185 | |
| Supplemental Disclosure of Cash Flow Information | | | | |
| Cash Paid For: | | | | |
| Interest | \$ 1,457 | \$ 103 | \$ 4,972 | |
| Income taxes | 12,353 | 5,716 | 8,492 | |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

Years Ended May 30, 2003, May 31, 2002, and June 1, 2001

Note A.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Principal Business Activity – We are engaged in the design, manufacture and sale of consumer apparel for men, women and children. Principal markets are customers located primarily in the United States. Owned manufacturing and distribution facilities are located primarily in the southeastern United States, Central America and Asia. In addition, we use foreign and domestic contractors for other sources of production.

2. Principles of Consolidation – The consolidated financial statements include the accounts of the Company and its wholly owned domestic and foreign subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. The equity method of accounting is used for investments in companies where the Company has a 20% to 50% ownership interest. These investments are accounted for under the equity method of accounting because the Company does not exercise control over the companies, nor does the Company have substantive participating rights.

3. Fiscal Period – Our fiscal year ends on the Friday nearest May 31. The fiscal year includes operations for a 52-week period in 2003, 2002 and 2001.

4. Net Sales – We recognize sales when the following criteria are met: persuasive evidence of an agreement exists, delivery has occurred, the price to the buyer is fixed and determinable, and collectibility is reasonably assured.

5. Cash and Cash Equivalents – We consider cash equivalents to be short-term investments with original maturities of three months or less.

6. Inventories – For consolidated reporting purposes, inventories are principally stated at the lower of cost (last-in, first-out method, “LIFO”) or market. For segment reporting purposes, inventories are principally stated at the lower of cost (first-in, first-out method, “FIFO”) or market.

7. Property, Plant and Equipment – Depreciation of property, plant and equipment are provided on both straight-line (primarily buildings) and accelerated methods over the estimated useful lives of the assets as follows:

| | |
|-------------------------------|---|
| Buildings and improvements | 7-40 years |
| Machinery and equipment | 3-15 years |
| Office fixtures and equipment | 3-10 years |
| Software | 4 years |
| Autos and trucks | 2-6 years |
| Leasehold improvements | Lesser of remaining life of the asset or lease term |

8. Income Taxes – We recognize deferred tax liabilities and assets based on the difference between financial and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

9. Financial Instruments – Our financial instruments consist primarily of cash and cash equivalents. Given their short-term nature, the fair values of financial instruments closely approximate their carrying values.

10. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

11. Foreign Currency Translation – Our functional currency for our owned foreign manufacturing facilities is the U.S. dollar. We remeasure assets and liabilities denominated in foreign currencies using exchange rates in effect on the balance sheet date. Fixed assets and the related depreciation or amortization charges are recorded at the exchange rates in effect on the date we acquired the assets. Revenues and expenses denominated in foreign currencies are remeasured using average exchange rates for all periods presented. We recognize the resulting foreign exchange gains and losses as a component of cost of goods sold in the statement of income. These gains and losses are immaterial for all periods presented.

12. Advertising – Advertising expenses are charged to income during the year in which they are incurred. The total advertising costs were approximately \$8,169,000, \$8,572,000 and \$8,928,000 on May 30, 2003, May 31, 2002 and June 1, 2001, respectively.

13. Stock-Based Compensation – As permitted by SFAS No. 123 “Accounting for Stock-Based Compensation,” we account for employee stock compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees.”

14. Unamortized Debt Issuance Costs – Unamortized debt issuance costs related to our long-term debt are amortized on a straight-line method which approximates an effective interest method over the life of the related debt. Amortization expense totaled \$50,000 in fiscal 2003, and is included in interest expense in the accompanying consolidated statements of operations.

15. Change in Accounting Principle – In 2002, we changed our method of calculating LIFO inventories by reducing the overall number of inventory pools from five to three. We made the change in order to better match costs with revenues and to provide for a LIFO adjustment more representative of our actual inflation on our inventories. The cumulative effect of the change in method and the pro forma effects of the change on prior years' results of operations were not determinable. The effect of the change on the results of operations for 2002 was to reduce net earnings by \$3,031,593 or \$.40 per share diluted.

16. New Accounting Standards –

Asset Retirement Obligations: In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") which requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the entity either settles the obligation for the amount recorded or incurs a gain or loss. SFAS 143 is effective for fiscal years beginning after June 15, 2002. We believe that the adoption of this statement will not have a material effect on our future results of operations.

Variable Interest Entities: In December 2002, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). The Interpretation requires that a variable interest entity be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. We believe the adoption of the Interpretation will not have a material impact on our financial position, results of operations or liquidity.

Note B.

SALE OF ACCOUNTS RECEIVABLE:

We have a \$65 million asset-backed revolving securitization facility ("securitization facility") under which we sell a defined pool of our accounts receivable to a wholly owned special purpose subsidiary. The securitization facility is accounted for as secured borrowing. The receivables outstanding under the securitization facility and the corresponding debt are included as "Receivables" and "Notes payable" in the accompanying consolidated balance

sheets. As collections reduce previously pledged interests, new receivables may be pledged. We had approximately \$62 million available under the securitization facility as of May 30, 2003 and approximately \$44 million available on May 31, 2002. We had no borrowings under the securitization facility on May 30, 2003 and May 31, 2002, respectively. We terminated the accounts receivable securitization facility in June 2003, in connection with a new senior revolving credit facility established to finance the acquisition of Viewpoint International, Inc. (See Note O).

Note C.

INVENTORIES:

The components of inventories are summarized as follows:

| <i>\$ in thousands</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> |
|------------------------|---------------------|---------------------|
| Finished goods | \$ 64,695 | \$54,382 |
| Work in process | 11,981 | 11,681 |
| Fabric | 22,485 | 15,806 |
| Trim and supplies | 5,173 | 2,672 |
| | \$104,334 | \$84,541 |

The excess of replacement cost over the value of inventories based upon the LIFO method was \$34,928,000 at May 30, 2003 and \$35,212,000 at May 31, 2002.

During fiscal 2003, inventory quantities were reduced in certain pools, which resulted in a liquidation of LIFO inventory layers carried at lower costs which prevailed in prior years. The effect of the liquidation was to decrease cost of goods sold by approximately \$69,251 and to increase net earnings by \$42,000 or \$0.01 per share basic. During fiscal 2002, the effect of the liquidation was to decrease cost of goods sold by approximately \$750,272 and to increase net earnings by \$459,000 or \$0.06 per share basic.

Note D.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, carried at cost, are summarized as follows:

| <i>\$ in thousands</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> |
|--|---------------------|---------------------|
| Land | \$ 2,253 | \$ 2,254 |
| Buildings | 31,285 | 31,835 |
| Machinery and equipment | 60,890 | 66,511 |
| Leasehold improvements | 4,974 | 5,255 |
| | 99,402 | 105,855 |
| Less accumulated depreciation and amortization | (77,431) | (78,667) |
| | \$ 21,971 | \$ 27,188 |

Machinery and equipment includes machinery, office fixtures, equipment, software, autos and trucks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

We account for impairment or disposals of assets under SFAS No. 144 "Accounting for the Impairment of Long-Lived Assets." We do not have any items that qualify for the treatment required by SFAS No. 144 as of May 30, 2003.

Depreciation expense was \$5,859,000 in 2003, \$7,509,000 in 2002 and \$7,145,000 in 2001.

Note E.

RESTRICTED CASH:

As of May 30, 2003, we had \$204,986,488 in restricted cash, which was held in escrow. The cash was primarily received from our senior note offering completed on May 16, 2003 (See Note G). The proceeds from our senior note offering were restricted and could only be used to complete the acquisition of Viewpoint International, Inc. which was completed on June 13, 2003 (See Note O).

Note F.

GOODWILL:

Goodwill – On June 1, 2002, we adopted the Financial Accounting Standards Board ("FASB") Statement No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). This requires that goodwill, including previously existing goodwill and intangible assets with indefinite useful lives, not be amortized, but instead tested for impairment at adoption and at least annually thereafter. We performed our initial test upon adoption and will perform our annual impairment review at the end of our first quarter of each fiscal year.

Under SFAS 142, fair value of goodwill is determined using a discounted cash flow methodology. Goodwill, net of amortization of \$7,875,538, totaled \$5,839,475 at both May 30, 2003 and May 31, 2002. Goodwill is included in "Other Assets" in the accompanying consolidated balance sheet.

Had we adopted SFAS 142 as of June 3, 2000, the effects on income would have been as follows:

| | May 30, 2003 | May 31, 2002 | June 1, 2001 |
|--|-----------------|--------------|--------------|
| Net earnings (as reported) | \$20,327 | \$10,572 | \$15,346 |
| Effect of ceasing goodwill amortization | — | 1,237 | 1,253 |
| Pro forma net earnings | \$20,327 | \$11,809 | \$16,599 |
| Pro forma basic net earnings per share | \$ 2.70 | \$ 1.58 | \$ 2.22 |
| Pro forma diluted net earnings per share | \$ 2.68 | \$ 1.56 | \$ 2.22 |

Note G.

NOTES PAYABLE AND LONG-TERM DEBT:

We have \$145,500,000 in uncommitted lines of credit, of which \$125,000,000 is reserved exclusively for letters of credit. We do not pay any commitment fees for these available lines of credit. At May 30, 2003, there were no direct borrowings and approximately \$77,000,000 in letters of credit outstanding under these lines. The weighted average interest rate on short-term borrowings during fiscal 2003 was 2.16%. These lines of credit were refinanced under our new senior credit facility which was established with the acquisition of Viewpoint International, Inc. (See Note O).

On May 16, 2003, we completed a \$200,000,000 private placement of senior unsecured notes. The proceeds from the private placement were used to fund our acquisition of Viewpoint International, Inc. (See Note O). The notes bear interest at 8.875%, have an 8-year life and were sold at a discount of .713% (\$1,426,000) to yield an effective interest rate of 9.0%. The terms of the notes provide certain limitations on additional indebtedness, and certain other transactions. Additionally, we are subject to certain financial covenants.

As part of the acquisition agreement, a bridge financing commitment was established to provide contingent financing in the event the placement of the senior notes was delayed. The placement of the senior unsecured notes was successful and the bridge financing commitment was terminated. The cost incurred during our fourth quarter for this commitment was approximately \$1,000,000 and is included in interest expense in the accompanying statement of earnings.

A summary of debt is as follows:

| <i>\$ in thousands</i> | May 30, 2003 | May 31, 2002 |
|--|------------------|--------------|
| Notes payable at a fixed rate of 8.875%, due in 2011 | \$198,581 | \$ — |
| Industrial revenue bond at a fixed rate of 7.0% collateralized by property plant and equipment due in 2004 | 110 | 295 |
| Capital leases due in varying installments through 2005 | 29 | 99 |
| Less current maturities | (134) | (255) |
| Total long-term portion | \$198,586 | \$139 |

The aggregate maturities of long-term debt are as follows:

| <i>\$ in thousands</i> | |
|------------------------|------------------|
| Fiscal Year | |
| 2004 | \$ 134 |
| 2005 | 5 |
| Thereafter | 198,581 |
| | \$198,720 |

Note H.

COMMITMENTS AND CONTINGENCIES:

We have operating lease agreements for buildings, sales offices and equipment with varying terms to 2014. The total rent expense under all leases was approximately \$5,368,000 in 2003, \$5,619,000 in 2002 and \$6,349,000 in 2001.

The aggregate minimum rental commitments for all noncancelable operating leases with original terms in excess of one year are as follows:

| <i>\$ in thousands</i> | |
|------------------------|-----------------|
| Fiscal Year: | |
| 2004 | \$ 3,721 |
| 2005 | 2,493 |
| 2006 | 1,773 |
| 2007 | 1,305 |
| 2008 | 1,244 |
| Thereafter | 3,221 |
| | <u>\$13,757</u> |

We are also obligated under certain apparel license and design agreements to make future minimum payments as follows:

| <i>\$ in thousands</i> | |
|------------------------|-----------------|
| Fiscal Year | |
| 2004 | \$ 4,738 |
| 2005 | 4,512 |
| 2006 | 4,527 |
| 2007 | 598 |
| | <u>\$14,375</u> |

We are involved in certain legal matters primarily arising in the normal course of business. In our opinion, our liability under any of these matters would not materially affect our financial condition or results of operations.

We discovered a past unauthorized disposal of a substance believed to be dry cleaning fluid on one of our properties. We believe that remedial action will be required, including continued investigation, monitoring and treatment of groundwater and soil. Based on advice from our environmental experts, we provided \$4,500,000 for this remediation in the fiscal year ended May 31, 1996. We believe this estimate of our potential liability continues to be reasonable given recent discussions with our environmental experts.

During the year we closed the Izod Club European Golf operation. Total costs incurred during the second quarter to close the European operation were approximately \$1.3 million. Of the total costs incurred, approximately \$0.8 million related to inventory

markdowns and were recognized as additional cost of goods sold, and \$0.5 million related primarily to severance costs and an increase in the allowance for doubtful accounts, which was recognized as additional SG&A. Significantly all of the costs were settled prior to year-end. Net sales for the European operation were \$1.2 million in fiscal 2002 and \$0.5 million in fiscal 2003.

During the year we announced our decision to close our Izod Club U.S. Golf operation in fiscal 2004 upon completion of shipping the Fall 2003 season. Total costs incurred during the fourth quarter related to the closure were approximately \$3.5 million, of which approximately \$3.0 million was recognized by the Oxford Shirt Group and the remaining \$0.5 million was recognized by the Corporate and Other Group. Of the total costs incurred, approximately \$1.4 million related to inventory markdowns in excess of the related LIFO cost incurred with the closure, approximately \$1.7 million related to a license termination fee which will be paid in four equal quarterly installments during calendar 2004, with the remaining \$0.4 million related to severance and other miscellaneous costs. The costs associated with the inventory markdowns were recognized as additional cost of goods sold while all other costs incurred were recognized as additional SG&A expense. At May 30, 2003 significantly all of the amounts related to the severance had been paid, while the remaining amounts associated with the inventory markdowns and termination fee will be reduced as the related inventory is sold and license fees are paid during the 2004 and 2005 fiscal years. Net sales for the U.S. operation were \$24.5 million in fiscal 2002 and \$18.1 million in fiscal 2003.

Note I.

STOCK OPTIONS:

At May 30, 2003, 154,930 shares of common stock were authorized and reserved for issuance under our 1997 stock option plan. The options granted under the stock option plans expire either five years or ten years from the date of grant. Options granted vest in five annual installments.

Pro forma information, regarding net earnings and net earnings per share, is required by SFAS No. 123 and has been determined as if we had accounted for our employee stock option plans under the fair value method of that statement. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumption ranges: Risk-free interest rates between 5.090% and 6.510%, dividend yields between 2.4% and 4.87%, volatility factors between .2814 and .3220, and expected lives between five and ten years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

The effect of applying the fair value method of SFAS No. 123 to our stock option plan does not result in net earnings and net earnings per share that are materially different from the amounts reported in our consolidated financial statements as demonstrated below (amounts in thousands except per share data):

| <i>Year ended:</i> | <i>2003</i> | <i>2002</i> | <i>2001</i> |
|---|-----------------|-------------|-------------|
| Net earnings as reported | \$20,327 | \$10,572 | \$15,346 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | (386) | (324) | (302) |
| Pro forma net earnings | \$19,941 | \$10,248 | \$15,044 |
| Basic earnings per common share as reported | \$ 2.70 | \$ 1.41 | \$ 2.06 |
| Pro forma basic earnings per common share | \$ 2.65 | \$ 1.37 | \$ 2.02 |
| Diluted earnings per common share as reported | \$ 2.68 | \$ 1.40 | \$ 2.05 |
| Pro forma diluted earnings per common share | \$ 2.63 | \$ 1.36 | \$ 2.01 |

Under Opinion 25, because the exercise price of our employee stock option equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized.

A summary of the status of our stock option plans and changes during the years ended are presented below:

| <i>Year ended:</i> | <i>2003</i> | | <i>2002</i> | | <i>2001</i> | |
|----------------------------------|-----------------|--|---------------|--|---------------|--|
| | <i>Shares</i> | <i>Weighted Average Exercise Price</i> | <i>Shares</i> | <i>Weighted Average Exercise Price</i> | <i>Shares</i> | <i>Weighted Average Exercise Price</i> |
| Outstanding, beginning of year | 399,000 | \$25 | 464,100 | \$24 | 443,900 | \$25 |
| Granted | 117,000 | 23 | 112,200 | 21 | 127,250 | 17 |
| Exercised | (6,770) | 18 | (159,070) | 18 | (47,800) | 18 |
| Forfeited | (25,650) | 25 | (18,230) | 24 | (59,250) | 25 |
| Outstanding, end of year | 483,580 | \$25 | 399,000 | \$25 | 464,100 | \$24 |
| Options Exercisable, end of year | 172,410 | | 108,310 | | 163,990 | |

The following table summarizes information about stock options outstanding as of May 30, 2003:

| <i>Date of Option Grant</i> | <i>Number of Shares</i> | <i>Exercise Price</i> | <i>Grant Date Fair Value</i> | <i>Number Exercisable</i> | <i>Expiration Date</i> |
|-----------------------------|-------------------------|-----------------------|------------------------------|---------------------------|------------------------|
| July 13, 1998 | 88,500 | \$35.66 | \$10.31 | 70,800 | July 13, 2008 |
| July 12, 1999 | 91,200 | 27.88 | 9.40 | 54,520 | July 12, 2009 |
| July 10, 2000 | 89,510 | 17.25 | 4.06 | 28,280 | July 10, 2010 |
| July 16, 2001 | 99,970 | 21.45 | 6.35 | 18,810 | July 16, 2011 |
| July 15, 2002 | 114,400 | 23.45 | 6.49 | 0 | July 15, 2012 |
| | 483,580 | | | 172,410 | |

We have a Restricted Stock Plan for issuance of up to 100,000 shares of common stock. At May 30, 2003, 2,942 shares were outstanding under this plan. The plan allows us to compensate our key employees with shares of common stock containing restrictions on sale and other restrictions in lieu of cash compensation.

Note J.

SIGNIFICANT CUSTOMERS:

Our top three customers represented 22%, 16% and 15% of our net sales in fiscal 2003. Our top three customers represented 19%, 13% and 10% in fiscal 2002. Our top three customers represented

15%, 14% and 11% of our total sales in fiscal 2001. We perform ongoing credit evaluations of our customers and maintain allowances for potential credit losses.

In fiscal 2003, two customers represented 12% and 53% of Oxford Slacks sales, two customers represented 34% and 48% of Oxford Womenswear Group's sales and one customer represented 27% of our Oxford Shirt Group's sales.

In fiscal 2002, two customers represented 13% and 46% of Oxford Slacks sales, two customers represented 32% and 44% of Oxford Womenswear Group's sales and one represented 14% of Oxford Shirt Group's sales.

In fiscal 2001, two customers represented 11% and 42% of Oxford Slacks sales, two customers represented 32% and 37% of Oxford Womenswear Group's sales and one represented 14% of Oxford Shirt Group's sales.

Note K.

BENEFIT PLANS:

We have a tax-qualified voluntary retirement savings plan covering substantially all full-time U.S. employees. If a participant decides to contribute, a portion of the contribution is matched by us. Total expense under this plan was \$1,075,000 in 2003, \$1,089,000 in 2002 and \$1,318,000 in 2001.

We have a non-qualified deferred compensation plan effective January 1, 2001, offered to a select group of management and highly compensated employees. The plan provides the participants with the opportunity to defer a specified percentage of their cash compensation. We match a portion of the contribution. Participants may elect to defer up to 10% of their annual base salary and up to 25% of their bonus. We fund these deferred compensation liabilities by making contributions to a rabbi trust, which had assets of approximately \$1,500,000 at May 30, 2003 and approximately \$1,000,000 at May 31, 2002. Total expense under this plan was \$156,000 in 2003, \$170,000 in 2002 and \$68,000 in 2001.

Note L.

INCOME TAXES:

The provision (benefit) for income taxes includes the following:

| <i>\$ in thousands</i> | 2003 | 2002 | 2001 |
|------------------------|-----------------|---------|---------|
| Current: | | | |
| Federal | \$12,725 | \$2,944 | \$8,714 |
| State | 1,645 | 120 | 1,141 |
| Foreign | 1,088 | 781 | 1,334 |
| | 15,458 | 3,845 | 11,189 |
| Deferred | (2,371) | 2,859 | (1,784) |
| | \$13,087 | \$6,704 | \$9,405 |

Reconciliations of the U.S. federal statutory income tax rates and our effective tax rates are summarized as follows:

| | 2003 | 2002 | 2001 |
|--|--------------|-------|-------|
| Statutory rate | 35.0% | 35.0% | 35.0% |
| State income taxes – net of federal income tax benefit | 2.6 | 1.9 | 2.2 |
| Nondeductible expenses and other, net | 1.6 | 1.9 | 0.8 |
| Effective rate | 39.2% | 38.8% | 38.0% |

Deferred tax assets and liabilities are comprised of the following:

| <i>\$ in thousands</i> | May 30, 2003 | May 31, 2002 |
|----------------------------------|-----------------|--------------|
| Deferred Tax Assets: | | |
| Inventories | \$ 1,933 | \$ 941 |
| Accrued compensation | 2,374 | 1,881 |
| Group insurance | 289 | 259 |
| Allowance for doubtful accounts | 1,341 | 1,293 |
| Depreciation and amortization | 1,718 | 1,218 |
| Noncurrent liabilities | 1,721 | 1,721 |
| Other, net | 1,338 | 1,443 |
| Deferred Tax Assets | 10,714 | 8,756 |
| Deferred Tax Liabilities: | | |
| Foreign | 2,561 | 3,029 |
| Other, net | 1,063 | 1,008 |
| Deferred Tax Liabilities | 3,624 | 4,037 |
| Net Deferred Tax Assets | \$ 7,090 | \$4,719 |

Note M.

EARNINGS PER SHARE:

In thousands, except share and per share amounts

| | May 30, 2003 | May 31, 2002 | June 1, 2001 |
|--|------------------|--------------|--------------|
| Net earnings available to common stockholders (numerator): | \$20,327 | \$10,572 | \$15,346 |
| Shares (denominator): | | | |
| Weighted average shares outstanding | 7,517,360 | 7,493,678 | 7,465,778 |
| Dilutive securities: | | | |
| Options | 54,285 | 55,599 | 18,980 |
| Total assuming conversion | 7,571,645 | 7,549,277 | 7,484,758 |
| Per share amounts: | | | |
| Basic earnings per common share | \$ 2.70 | \$ 1.41 | \$ 2.06 |
| Diluted earnings per common share | \$ 2.68 | \$ 1.40 | \$ 2.05 |

- Options to purchase 88,500 shares of our stock at \$35.66 per share were outstanding during fiscal 2003. However, these were not included in the computation of diluted earnings per share because the inclusion of such shares would have had an antidilutive effect.
- Options to purchase 190,700 shares of our stock at prices ranging from \$27.88 to \$35.66 per share were outstanding during fiscal 2002. However, these were not included in the computation of diluted earnings per share because the inclusion of such shares would have had an antidilutive effect.
- Options to purchase 198,950 shares of our stock at prices ranging from \$27.88 to \$35.66 per share were outstanding during fiscal 2001. However, these were not included in the computation of diluted earnings per share because the inclusion of such shares would have had an antidilutive effect.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

Note N.

SEGMENTS:

We identify operating segments based on the way we organize the components of our business for purposes of allocating resources and assessing performance. Our business segments are the Oxford Shirt Group, Lanier Clothes, Oxford Slacks and the Oxford Womenswear Group. The Oxford Shirt Group operations encompass branded and private label dress and sport shirts and branded golf apparel. Lanier

Clothes produces branded and private label suits, sportcoats, suit separates and dress slacks. Oxford Slacks is a producer of private label dress and casual slacks and walkshorts. The Oxford Womenswear Group is a producer of private label women's sportswear. Corporate and Other is a reconciling category for reporting purposes and includes our corporate offices, transportation and logistics, intercompany eliminations, LIFO inventory accounting adjustments and other costs that are not allocated to the operating groups.

| <i>\$ in thousands</i> | <i>Oxford Shirt Group</i> | <i>Lanier Clothes</i> | <i>Oxford Slacks</i> | <i>Oxford Womenswear Group</i> | <i>Corporate and Other</i> | <i>Total</i> |
|---|-------------------------------|---------------------------|--------------------------|--|--------------------------------|-------------------|
| 2003 | | | | | | |
| Net sales | \$ 201,567 | \$ 157,385 | \$ 96,564 | \$ 308,762 | \$ 324 | \$ 764,602 |
| Depreciation and amortization | 1,751 | 1,763 | 814 | 958 | 701 | 5,987 |
| Earnings before interest and taxes | 3,819 | 16,444 | 7,574 | 17,321 | (9,809) | 35,349 |
| Interest expense, net | | | | | | 1,935 |
| Earnings before income taxes | | | | | | 33,414 |
| Total assets | 73,532 | 72,576 | 35,879 | 86,118 | 226,260 | 494,365 |
| Purchases of property, plant and equipment | 415 | 1,130 | 168 | 82 | 256 | 2,051 |
| 2002 | | | | | | |
| Net sales | \$189,380 | \$153,060 | \$ 80,693 | \$253,723 | \$ 408 | \$677,264 |
| Depreciation and amortization | 2,132 | 1,813 | 1,020 | 2,982 | 941 | 8,888 |
| Earnings before interest and taxes | 742 | 11,477 | 3,823 | 9,538 | (8,061) | 17,519 |
| Interest expense, net | | | | | | 243 |
| Earnings before income taxes | | | | | | 17,276 |
| Total assets | 76,716 | 69,348 | 31,784 | 75,585 | (2,920) | 250,513 |
| Purchases of property, plant and equipment | 409 | 864 | 48 | 82 | 125 | 1,528 |
| 2001 | | | | | | |
| Net sales | \$220,949 | \$175,062 | \$103,096 | \$312,973 | \$ 415 | \$812,495 |
| Depreciation and amortization | 2,394 | 1,833 | 1,157 | 2,826 | 1,039 | 9,249 |
| Earnings before interest and taxes | (1,385) | 12,557 | 6,054 | 15,455 | (3,060) | 29,621 |
| Interest expense, net | | | | | | 4,870 |
| Earnings before income taxes | | | | | | 24,751 |
| Total assets | 100,156 | 94,647 | 45,083 | 90,451 | (67,097) | 263,240 |
| Purchases of property, plant and equipment | 1,369 | 1,359 | 310 | 782 | 512 | 4,332 |

Information for the net book value of property, plant and equipment by geographic area is presented below:

| <i>Year ended:</i> | <i>May 30, 2003</i> | <i>May 31, 2002</i> |
|--------------------|---------------------|---------------------|
| United States | \$11,277 | \$14,061 |
| Latin America | 9,928 | 12,068 |
| Other foreign | 766 | 1,059 |
| Total | \$21,971 | \$27,188 |

Note O.

SUBSEQUENT EVENTS:

On June 13, 2003, we acquired all of the common stock of Viewpoint International, Inc. The transaction is valued at up to \$325 million consisting of \$240 million in cash, \$10 million in Oxford common stock and up to \$75 million in contingent payments, subject to the achievement by Viewpoint of certain performance targets. Viewpoint owns the Tommy Bahama lifestyle brand that is used to market a wide array of products and services including apparel, footwear, accessories, home furnishings and restaurants. Viewpoint also produces two additional collections under the Tommy Bahama label, Indigo Palms and Island Soft. It also operates over 30 Tommy Bahama retail locations across the country, six of which are retail/restaurant compounds.

We also entered into a new \$275 million senior secured revolving credit facility, which has a five-year term and bears interest, at our option, at rates determined from time to time based upon (1) the higher of the federal funds rate or the applicable prime rate plus a spread or (2) LIBOR plus a spread. Borrowings under the new senior secured revolving credit facility are subject to a borrowing base calculation based on our inventories, real property and accounts receivable.

In connection with the completion of the Viewpoint acquisition, the net proceeds from our \$200 million senior notes offering were released from escrow. We used the net proceeds from our senior notes offering, together with limited borrowings under our new senior secured revolving credit facility and cash on hand, to finance the cash portion of the purchase price for the Viewpoint acquisition.

We also terminated the accounts receivable securitization facility in June 2003, in connection with the new senior revolving credit facility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

Note P.

SUMMARIZED QUARTERLY DATA (UNAUDITED):

Following is a summary of the quarterly results of operations for the years ended May 30, 2003, May 31, 2002 and June 1, 2001:

| <i>\$ in thousands, except per share amounts</i> | <i>Fiscal Quarter</i> | | | | |
|--|-----------------------|---------------|--------------|---------------|--------------|
| | <i>First</i> | <i>Second</i> | <i>Third</i> | <i>Fourth</i> | <i>Total</i> |
| 2003 | | | | | |
| Net sales | \$ 172,139 | \$ 185,421 | \$ 208,969 | \$ 198,073 | \$ 764,602 |
| Gross profit | 38,462 | 37,186 | 42,913 | 41,150 | 159,711 |
| Net earnings | 4,510 | 4,263 | 6,927 | 4,627 | 20,327 |
| Basic earnings per common share | 0.60 | 0.57 | 0.92 | 0.61 | 2.70 |
| Diluted earnings per common share | 0.60 | 0.56 | 0.92 | 0.60 | 2.68 |
| 2002* | | | | | |
| Net sales | \$179,530 | \$156,528 | \$149,495 | \$191,711 | \$677,264 |
| Gross profit | 36,320 | 27,545 | 28,912 | 40,471 | 133,248 |
| Net earnings | 3,127 | 461 | 1,357 | 5,627 | 10,572 |
| Basic earnings per common share | 0.42 | 0.06 | 0.18 | 0.75 | 1.41 |
| Diluted earnings per common share | 0.42 | 0.06 | 0.18 | 0.74 | 1.40 |
| 2001 | | | | | |
| Net sales | \$204,368 | \$194,869 | \$197,404 | \$215,854 | \$812,495 |
| Gross profit | 37,344 | 35,796 | 36,805 | 39,066 | 149,011 |
| Net earnings | 3,477 | 2,703 | 3,912 | 5,254 | 15,346 |
| Basic earnings per common share | 0.46 | 0.36 | 0.53 | 0.71 | 2.06 |
| Diluted earnings per common share | 0.45 | 0.36 | 0.53 | 0.70 | 2.05 |

*Includes an after-tax favorable LIFO adjustment in the fourth quarter of \$767,806 or \$0.10 per share diluted in 2002.

NET SALES BY PRODUCT CLASS

The following table sets forth separately in percentages net sales by class of similar products for each of the last three fiscal years:

| | <i>2003</i> | <i>2002</i> | <i>2001</i> |
|------------|-------------|-------------|-------------|
| Net Sales: | | | |
| Menswear | 58% | 60% | 60% |
| Womenswear | 42% | 40% | 40% |
| | 100% | 100% | 100% |

COMMON STOCK INFORMATION

| | <i>Market price on the New York Stock Exchange</i> | | | | <i>Quarterly Cash Dividend Per Share</i> | |
|-------------|--|------------|--------------------|------------|--|--------------------|
| | <i>Fiscal 2003</i> | | <i>Fiscal 2002</i> | | <i>Fiscal 2003</i> | <i>Fiscal 2002</i> |
| | High | Low | High | Low | | |
| 1st quarter | \$28.10 | \$20.60 | \$24.14 | \$21.11 | \$.21 | \$.21 |
| 2nd quarter | 26.25 | 19.50 | 24.06 | 18.30 | .21 | .21 |
| 3rd quarter | 26.53 | 22.01 | 26.10 | 22.19 | .21 | .21 |
| 4th quarter | 40.90 | 23.03 | 29.00 | 25.05 | .21 | .21 |

At the close of fiscal 2003, there were 522 stockholders of record.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

The management of Oxford Industries, Inc. is responsible for the integrity and objectivity of the consolidated financial statements and other financial information presented in this report. These statements have been prepared in conformity with accounting principles generally accepted in the United States consistently applied and include amounts based on the best estimates and judgments of management.

Oxford maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

The consolidated financial statements for the years ended May 30, 2003 and May 31, 2002, have been audited by Ernst & Young LLP, independent auditors, and the financial statements for the year ended June 1, 2001 have been audited by other auditors. In

connection with its audit, Ernst & Young LLP develops and maintains an understanding of Oxford's accounting and financial controls and conducts tests of Oxford's accounting systems and other related procedures as it considers necessary to render an opinion on the financial statements.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with Oxford's management, internal auditors and independent auditors to review matters relating to the quality of financial reporting and internal accounting controls, and the independent nature, extent and results of the audit effort. The Committee recommends to the Board appointment of the independent auditors. Both the internal auditors and the independent auditors have access to the Audit Committee, with or without the presence of management.



Ben B. Blount, Jr.
Executive Vice President –
Finance, Planning and Administration
and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

The Board of Directors and Stockholders of Oxford Industries, Inc.

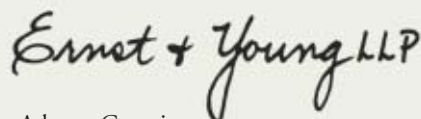
We have audited the accompanying consolidated balance sheets of Oxford Industries, Inc. and Subsidiaries as of May 30, 2003 and May 31, 2002, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the two years in the period ended May 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Oxford Industries, Inc. and Subsidiaries for the year ended June 1, 2001 were audited by other auditors who have ceased operations, and whose report dated July 13, 2001 expressed an unqualified opinion on those statements before the restatement adjustment described in Note F.

We conducted our audits in accordance with auditing standards generally accepted in the 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, the 2003 and 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oxford Industries, Inc. and Subsidiaries at May 30, 2003 and May 31, 2002, and the consolidated results of their operations and their cash flows for each of the two years in the period ended May 30, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Note A, the Company changed its method of calculating LIFO inventories in the year ended May 31, 2002.

As discussed above, the consolidated financial statements of Oxford Industries, Inc. and Subsidiaries for the year ended June 1, 2001 were audited by other auditors who have ceased operations. As described in Note F, the consolidated financial statements of Oxford Industries, Inc. and Subsidiaries for the year ended June 1, 2001 have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangibles," which was adopted by the Company as of June 1, 2002. Our audit procedures with respect to the 2001 disclosures in Note F included (a) agreeing the previously reported net income to the previously issued financial statements, (b) agreeing the adjustment to reported net income representing amortization expense (including any related tax effects) recognized in the year ended June 1, 2001 related to goodwill that is no longer being amortized as a result of initially applying Statement No. 142 (including any related tax effects) to the Company's underlying records obtained from management, and (c) testing the mathematical accuracy of the reconciliation of pro forma net income to reported net income. In our opinion, such disclosures are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 consolidated financial statements of the Company other than with respect to such adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.



Atlanta, Georgia
July 11, 2003

DIRECTORS AND OFFICERS

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

DIRECTORS

J. Hicks Lanier

Chairman of the Board, President
and Chief Executive Officer

Ben B. Blount, Jr.

Executive Vice President – Finance,
Planning & Administration and
Chief Financial Officer

Knowlton J. O'Reilly

Group Vice President
Oxford Womenswear Group

Cecil D. Conlee

President, CGR Advisors
(real estate advisor)

Thomas Gallagher

President,
Genuine Parts Company
(industrial products, office supplies
and electrical and electronic parts)

J. Reese Lanier, Sr.

Self-employed
(farming and related businesses)

Clarence B. Rogers, Jr.

Retired Chairman of
Executive Committee,
Equifax Inc.
(information services)

Robert E. Shaw

Chairman of the Board
and Chief Executive Officer,
Shaw Industries, Inc.
(carpet manufacturing
and marketing)

E. Jenner Wood III

Chairman, President
and Chief Executive Officer
SunTrust Bank, Georgia
(banking)

Helen Ballard Weeks

Retired Chief Executive Officer,
Ballard Designs, Inc.
(catalog retailer)

OFFICERS

J. Hicks Lanier

Chairman of the Board, President
and Chief Executive Officer

Ben B. Blount, Jr.

Executive Vice President – Finance,
Planning & Administration and
Chief Financial Officer

L. Wayne Brantley

Group Vice President
Lanier Clothes

R. Larry Johnson

Group Vice President
Oxford Slacks

Knowlton J. O'Reilly

Group Vice President
Oxford Womenswear Group

Frank Sahagian, Jr.

Group Vice President
Oxford Shirt Group

Thomas C. Chubb III

Vice President –
Law and Administration,
Secretary and General Counsel

John A. Baumgartner, Jr.

Vice President –
Chief Information Officer

J. Reese Lanier, Jr.

Treasurer and Investor Relations
Director

K. Scott Grassmyer

Controller

Mary Margaret Heaton

Assistant Secretary

Sally F. Detter

Assistant Treasurer

DIVISION PRESIDENTS

Oxford Womenswear Group**Daniel J. Chin**

President, Women's Catalog &
Special Markets

James M. Pressley

Co-President,
Sportswear Collections

Mark L. Wolk

Co-President,
Sportswear Collections

Oxford Shirt Group**Sheldon P. Fogel**

President, Tommy Hilfiger Dress
Shirts and Oxford Shirts

David B. Leveille

President, Tommy Hilfiger Golf
and Oxford Golf

Corey Rowe

President, Ely & Walker

Lanier Clothes**Dennis MacCulloch**

President, National Accounts

Joseph S. Perusse

President, Specialty Catalogs

Dana P. Verrill

President, Branded
Tailored Clothing

SHAREHOLDER INFORMATION

OXFORD INDUSTRIES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE

P.O. Box 54600
222 Piedmont Ave., N.E.,
Atlanta, Georgia 30308
Telephone number: (404) 659-2424
Facsimile number: (404) 653-1545
E-mail address: info@oxfordinc.com
For additional information, please visit
our Web site at www.oxfordinc.com

PRINCIPAL SUBSIDIARIES

Oxford International, Inc.
Oxford Products (International), Ltd.
Industrias Oxford de Merida, S.A. de C.V.
Industrias Lanier de Honduras, S. de R.L.
Manufacturera de Sonora, S.A. de C.V.
Oxford de Colon, S.A. de C.V.
Oxford Philippines, Inc.
Confecciones Monzini, S.A.
Q R Fashions, S. de R.L.
Lionshead Clothing Company
Piedmont Apparel Corporation
Oxford of South Carolina, Inc.

TRANSFER AGENT AND REGISTRAR

SunTrust Bank, Atlanta
Attention: Corporate Trust Department
P.O. Box 4625, Atlanta, Georgia 30302

INDEPENDENT AUDITORS

Ernst & Young LLP
Suite 2800
600 Peachtree Street
Atlanta, Georgia 30308-2215

FORM 10-K

Copies of the Form 10-K as filed with the Securities and Exchange Commission are available without cost to the shareholders of the Company by writing to:
Investor Relations
Oxford Industries, Inc.
222 Piedmont Ave., N.E.
Atlanta, Georgia 30308

ANNUAL MEETING

The annual meeting of shareholders of the Company will be held at the principal offices of the Company, 222 Piedmont Ave., N.E., Atlanta, Georgia, on October 6, 2003, at 3:00 p.m. local time.
For more information, please contact:
Thomas C. Chubb III
Corporate Secretary
(404) 653-1415

SHAREHOLDER ASSISTANCE

For information about accounts, change of address, transfer of ownership or issuance of certificates please contact:
SunTrust Bank, Atlanta
Attention: Corporate Trust Department
P.O. Box 4625, Atlanta, Georgia 30302
Telephone number: (800) 568-3476

INVESTOR INQUIRIES

Analysts, investors, media and others seeking financial and general information, please contact:
J. Reese Lanier, Jr.
Treasurer and Investor Relations Director
Oxford Industries, Inc.
222 Piedmont Ave., N.E.,
Atlanta, Georgia 30308
Telephone: (404) 653-1446
Facsimile: (404) 653-1545
E-mail address: rlanier@oxfordinc.com

PRINCIPAL LOCATIONS FOR OXFORD'S OPERATING GROUPS

Lanier Clothes

222 Piedmont Ave., N.E.,
Atlanta, Georgia 30308
Telephone: (404) 659-2424
Facsimile: (404) 653-1540

Oxford Shirt Group

3 Park Ave., 24th Floor,
New York, New York 10016
Telephone: (212) 481-4901
Facsimile: (212) 481-4908

Oxford Slacks

200 Cherry Hill Rd.,
Monroe, Georgia 30655
Telephone: (770) 267-6501
Facsimile: (770) 267-8895

Oxford Womenswear Group

1001 6th Ave.,
New York, New York 10018
Telephone: (212) 556-5300
Facsimile: (212) 556-5462

Oxford Industries, Inc. is an Equal Opportunity Employer with an Affirmative Action Plan.

Cautionary Statement For The Purpose Of The Safe Harbor Provisions Of The Private Securities Litigation Reform Act Of 1995 The matters in this Annual Report that are forward-looking statements, including but not limited to statements about our expected business outlook, anticipated financial and operating results, the anticipated benefits of the Viewpoint acquisition, growth of particular product lines, strategies, contingencies, financing plans, working capital needs, sources of liquidity, estimated amounts and timing of capital expenditures and other expenditures, are based on current management expectations that involve certain risks which if realized, in whole or in part, could have a material adverse effect on Oxford's business, financial condition and results of operations, including, without limitation: (1) general economic cycles; (2) competitive conditions in our industry; (3) price deflation in worldwide apparel industry; (4) our ability to identify and respond to rapidly changing fashion trends and to offer innovative and upgraded products; (5) the price and availability of raw materials; (6) our dependence on and relationships with key customers; (7) the ability of our third-party producers to deliver quality products in a timely manner; (8) potential disruptions in the operation of our distribution facilities; (9) economic and political conditions in the foreign countries in which we operate or source our products; (10) regulatory risks associated with importing products; (11) the impact of labor disputes and wars or acts of terrorism on our business; (12) increased competition from direct sourcing; (13) our ability to maintain our licenses; (14) our ability to protect our intellectual property and prevent our trademarks and service marks and goodwill from being harmed by competitors' products; (15) our reliance on key management; (16) our inability to retain premium pricing on Tommy Bahama products due to competitive or other factors; (17) the impact of reduced travel to resort locations on our sales; (18) risks related to our operation of restaurants under the Tommy Bahama name; (19) the integration of Viewpoint into our Company; (20) the expansion of our business through the Viewpoint acquisition into new businesses; (21) our ability to successfully implement our growth plans for Tommy Bahama; (22) our ability to open new Tommy Bahama stores; and (23) unforeseen liabilities associated with the acquisition of Viewpoint and other businesses.

