

December 10, 2008

Key Metrics

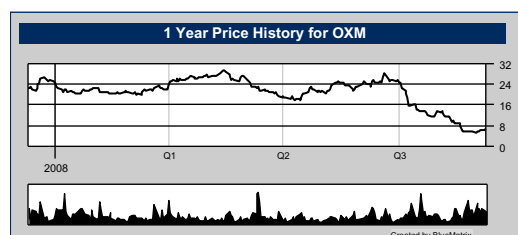
OXM - NYSE	\$6.62
Pricing Date	12/09/2008
Price Target	NA
52-Week Range	\$29.88-\$5.40
Shares Outstanding (mm)	15.6
Market Capitalization (\$mm)	\$103.3
3-Mo Average Daily Volume	255,113
Institutional Ownership	90%
Debt/Total Capital	37.7%
ROE	6.9%
Book Value/Share	\$25.04
Price/Book	0.3x
Dividend Yield	10.9%
LTM EBITDA Margin	8.95%

EPS(\$) FY: January

	2008A	Prior 2009E	Curr. 2009E	Prior 2010E	Curr. 2010E
1Q-Apr	0.95	--	0.59A	0.53E	0.37E
2Q-Jul	0.49	--	0.43A	0.41E	0.34E
3Q-Oct	0.76	0.42E	0.38A	0.46E	0.42E
4Q-Jan	0.36	0.33E	0.01E	0.46E	0.09E
FY	2.59	1.78E	1.42E	1.85E	1.22E
P/E	2.6x		4.7x		5.4x

Revenue(\$mm)

	2008A	Prior 2009E	Curr. 2009E	Prior 2010E	Curr. 2010E
1Q-Apr	292.4	--	272.9A	260.0E	230.0E
2Q-Jul	244.6	--	230.5A	225.0E	200.0E
3Q-Oct	286.3	260.0E	244.2A	260.0E	240.0E
4Q-Jan	261.9	238.0E	200.0E	250.0E	210.0E
FY	1,085.3	1,001.5E	947.6E	995.0E	880.0E



Company Description: Oxford Industries, Inc. (www.oxfordinc.com) is a producer and marketer of branded and private label apparel for men, women, and children. Oxford's customers include national chains, specialty catalogs, mass merchants, department stores, specialty stores, and Internet retailers.

Oxford Industries, Inc.

Rating: Hold

3Q EPS Slightly Below Expectations; Sales Weakness Could Offset Cost Cuts

Investment Highlights:

- **Oxford Industries F3Q09 EPS (ex-charges) of \$0.38 were \$0.04 below our estimate.** Oxford Industries reported F3Q09 EPS of \$0.38, which was \$0.04 and \$0.07 below our estimate and the Street consensus, respectively. Lower-than-expected sales, somewhat offset by reduced SG&A, accounted for the EPS variance from projections.
- **Sales down 15% Y/Y with weakness across all lines.** F3Q09 sales declined 15% to \$244mm with Tommy Bahama (TB), Ben Sherman (BS), and Lanier Clothes (LC) all posting mid-teens Y/Y declines. While Oxford Apparel (OA) declined 8% Y/Y, the strategy to exit underperforming lines remains, and a larger, potentially 50%, Y/Y decline could materialize in 4Q. With store growth virtually on hold, reduced 2H revenue projections, and limited expectations for a near-term turn in consumer purchases, we are reducing our FY10 sales estimate to \$880mm from \$995mm.
- **Lean inventories appear to be sustaining gross margins.** While down 90 bps Y/Y, lower inventory levels, down Y/Y \$47mm, and the exiting of underperforming lines appear to be holding gross margins relatively in check, relative to the Y/Y sales decline. With OA expected to materially decrease Y/Y in 4Q, and its relatively low comparable margins, gross margins could actually improve Y/Y in 4Q. In FY10, lower expected sales and ongoing competitive pricing could pressure gross margins.
- **Operating costs down \$7mm Y/Y; could decline nearly \$30mm in FY10.** Cost controls and restructured legacy lines appear to have the company on track to reduce SG&A costs roughly \$20mm in FY09. Reduced capital expenditures associated with new store openings (could be down Y/Y \$10MM) and \$18mm targeted from employment costs could reduce SG&A an additional \$27mm in FY10.
- **Despite lower costs, sales decline could reduce EPS, lower estimates.** While we believe the company has prepared well for potential economic weakness, lower projected sales should reduce 4Q09 and FY10 EPS to \$0.01 and \$1.22, respectively, from our previous estimates of \$0.33 and \$1.85.
- **Positive free cash flow expected; \$117mm available under revolving credit facility.** With working capital down materially Y/Y and capital expenditures expected to fall below \$10mm in FY10 from roughly \$22mm expected in FY09, Oxford could be able to generate between \$30mm and \$40mm in free cash flow in FY09 and FY10. Additionally, the company has \$117mm available under its new credit facility, which closed August 15th, 2008, and should provide ample liquidity to weather the current economic storm.
- **We maintain our Hold rating.**

EQUITY RESEARCH

Oxford Industries (OXM)

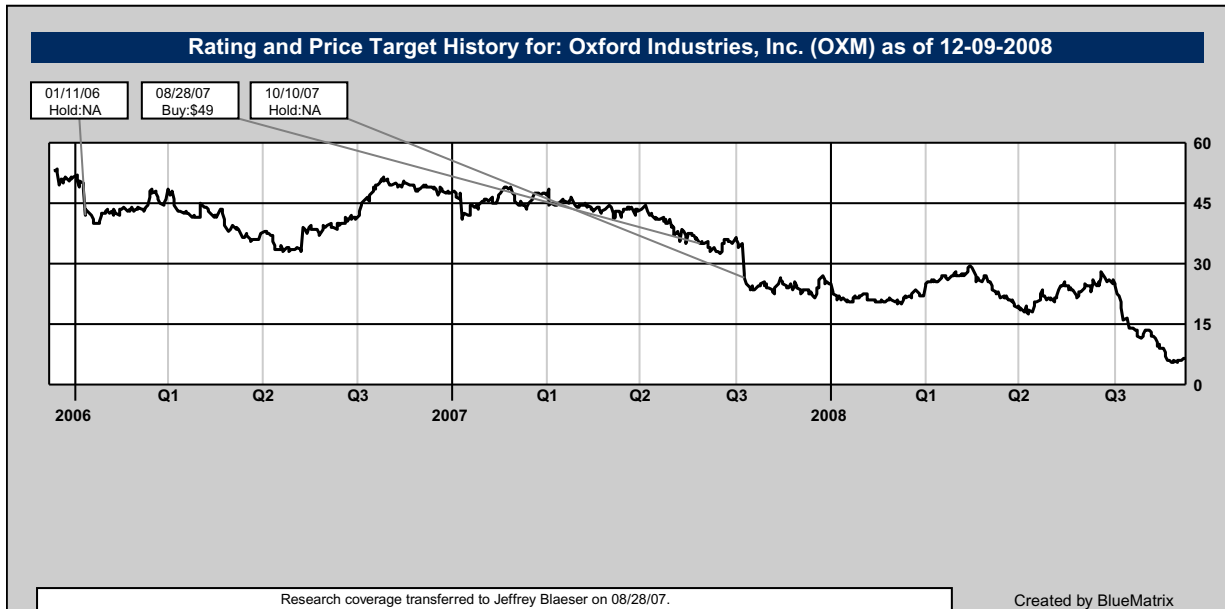
(In Millions, Except Per Share Data)

	FY* 2007	Q1 May-07	Q2 Aug-07	Q3 Nov-07	Q4 Feb-08	FY 2008	Q1 May-08	Q2 Aug-08	Q3 Nov-08	Q4E Jan-09	FYE 2009	Q1 May-09	Q2E Aug-09	Q3E Oct-09	Q4E Jan-10	FYE 2010
Sales	1128.9	292.4	244.6	286.3	261.9	1085.3	272.9	230.5	244.2	200.0	947.6	230.0	200.0	240.0	210.0	880.0
<i>% Increase</i>	1.8%	NA	NA	NA	NA	NA	-6.7%	-5.8%	-14.7%	-23.6%	-12.7%	-15.7%	-13.2%	-1.7%	5.0%	-7.1%
Cost of Goods Sold	681.1	171.9	141.6	174.1	159.9	647.4	156.6	130.4	150.6	120.0	557.6	134.6	115.0	146.4	126.0	522.0
<i>As % Sales</i>	60.3%	58.8%	57.9%	60.8%	61.0%	59.7%	57.4%	56.6%	61.7%	60.0%	58.8%	58.5%	57.5%	61.0%	60.0%	59.3%
<i>% Increase</i>	0.5%	NA	NA	NA	NA	NA	-8.9%	-7.9%	-13.5%	-25.0%	-13.9%	-14.1%	-11.8%	-2.8%	5.0%	-6.4%
Gross Profit	447.8	120.5	103.0	112.2	102.0	437.8	116.3	100.1	93.6	80.0	390.0	95.5	85.0	93.6	84.0	358.1
<i>Margin</i>	39.7%	41.2%	42.1%	39.2%	39.0%	40.3%	42.6%	43.4%	38.3%	40.0%	41.2%	41.5%	42.5%	39.0%	40.0%	40.7%
<i>% Increase</i>	3.7%	NA	NA	NA	NA	NA	-3.5%	-2.9%	-16.6%	-21.6%	-10.9%	-17.9%	-15.1%	0.0%	5.0%	-8.2%
SG&A	356.4	93.1	89.0	92.8	91.2	366.0	99.6	86.2	84.0	77.0	346.8	84.0	74.8	81.6	79.8	320.2
<i>As % Sales</i>	31.6%	31.8%	36.4%	32.4%	34.8%	33.7%	36.5%	37.4%	34.4%	38.5%	36.6%	36.5%	37.4%	34.0%	38.0%	36.4%
<i>% Increase</i>	5.5%	NA	NA	NA	NA	NA	7.1%	-3.1%	-9.5%	-15.5%	-5.2%	-15.7%	-13.2%	-2.9%	3.6%	-7.7%
Amortization	6.4	1.7	1.3	1.2	1.2	5.4	0.8	1.1	0.7	0.7	3.2	0.7	0.7	0.7	0.7	2.8
<i>As % Sales</i>	0.6%	0.6%	0.5%	0.4%	NA	0.5%	0.3%	0.5%	0.3%	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%
<i>% Increase</i>	-16.2%	NA	NA	NA	NA	NA	-53.5%	-19.7%	-43.6%	-41.4%	-40.4%	-11.2%	-33.8%	1.2%	0.0%	-13.5%
Royalties/Other (Income)	-15.2	-5.2	-3.8	-5.0	-5.3	-19.3	-4.2	-4.4	-4.6	-4.0	-17.1	-4.0	-4.5	-4.6	-4.7	-17.8
<i>As % Sales</i>	-1.3%	-1.8%	-1.6%	-1.7%	NA	-1.8%	-1.5%	-1.9%	-1.9%	-2.0%	-1.8%	-1.7%	-2.3%	-1.9%	-2.2%	-2.0%
<i>% Increase</i>	15.7%	NA	NA	NA	NA	NA	-19.0%	13.6%	-8.3%	-24.3%	-11.2%	-4.5%	3.4%	0.3%	17.5%	4.0%
Operating Expense	347.6	89.6	86.4	89.1	87.1	352.2	96.2	82.9	80.1	73.7	333.0	80.7	71.0	77.7	75.8	305.2
<i>As % Sales</i>	30.8%	30.6%	35.3%	31.1%	NA	32.5%	35.3%	36.0%	32.8%	36.9%	35.1%	35.1%	35.5%	32.4%	36.1%	34.7%
Operating Profit	100.1	30.9	16.6	23.2	14.9	85.7	20.1	17.2	13.5	6.3	57.1	14.8	14.0	15.9	8.2	52.9
<i>Margin</i>	8.9%	10.6%	6.8%	8.1%	NA	7.9%	7.4%	7.5%	5.5%	3.2%	6.0%	6.4%	7.0%	6.6%	3.9%	6.0%
<i>% Increase</i>	1.0%	NA	NA	NA	NA	NA	-35.1%	3.6%	-41.8%	-57.8%	-33.4%	-26.3%	-18.6%	17.9%	30.2%	-7.3%
Interest Expense	22.2	5.4	5.1	5.5	6.4	22.4	6.3	6.0	5.5	6.0	23.9	6.0	6.0	6.0	6.0	24.0
Other Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax Profit	77.9	25.5	11.5	17.7	8.6	63.3	13.7	11.2	7.9	0.3	33.2	8.8	8.0	9.9	2.2	28.9
<i>Margin</i>	6.9%	8.7%	4.7%	6.2%	NA	5.8%	5.0%	4.9%	3.3%	0.1%	3.5%	3.8%	4.0%	4.1%	1.0%	3.3%
<i>% Increase</i>	3.6%	NA	NA	NA	NA	NA	-46.2%	-2.7%	-55.0%	-96.5%	-47.6%	-36.0%	-28.6%	24.6%	633.3%	-12.9%
Taxes(benefit)	27.4	8.5	2.8	4.0	2.7	17.9	4.2	4.4	2.1	0.1	10.8	3.0	2.7	3.4	0.7	9.8
<i>Rate</i>	35.2%	33.1%	24.1%	22.6%	31.2%	28.3%	30.8%	39.4%	25.9%	34.0%	32.5%	34.0%	34.0%	34.0%	34.0%	34.0%
Net Income--Oper.	50.5	17.1	8.7	13.7	5.9	45.4	9.5	6.8	5.9	0.2	22.4	5.8	5.3	6.5	1.5	19.1
<i>Margin</i>	4.5%	5.8%	3.6%	4.8%	NA	4.2%	3.5%	2.9%	2.4%	0.1%	2.4%	2.5%	2.6%	2.7%	0.7%	2.2%
<i>% Increase</i>	2.0%	NA	NA	NA	NA	NA	-44.3%	-22.3%	-56.9%	-96.6%	-50.7%	-39.0%	-22.2%	11.0%	633.3%	-14.8%
EPS--Operations	2.83	0.95	0.49	0.76	0.36	2.59	0.59	0.43	0.38	0.01	1.42	0.37	0.34	0.42	0.09	1.22
<i>% Increase</i>	1.4%	NA	NA	NA	NA	NA	-38.0%	-11.0%	-50.4%	-96.5%	-45.0%	-37.1%	-22.0%	10.8%	633.3%	-14.1%
Shares Out. Diluted	17.9	17.9	17.9	17.9	16.4	17.6	16.1	15.7	15.6	15.6	15.7	15.6	15.6	15.6	15.6	15.6

Source: Company reports and Morgan Joseph estimates

*Unadjusted Fiscal year end

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Rating	Investment Banking Services/Past 12 Mos.	
	Percent	Percent
BUY [B]	52.94	37.78
HOLD [H]	44.71	28.95
SELL [S]	2.35	0.00

Meaning of Ratings

- A) Buy means reasonable outperformance relative to the market (Russell 2000) over 12-18 months.
- B) Hold means market-type (Russell 2000) risk adjusted performance; potential source of funds.
- C) Sell means expected to underperform the market (Russell 2000) over 12-18 months.

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