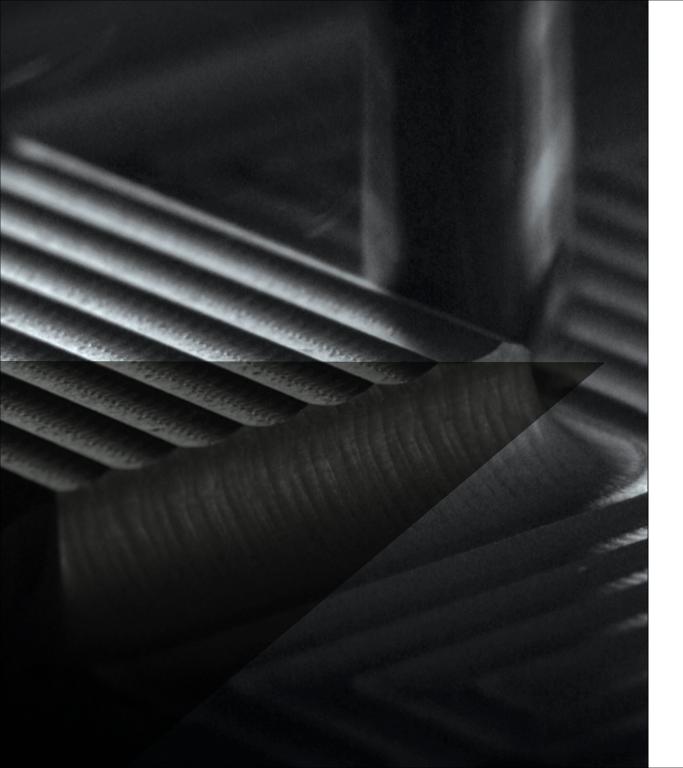
WE DESIGN FOR THE FUTURE AND DELIVER TO THE PRESENT.



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You hear the word innovation a lot in business today. It's on every company's "To do" list. But at Oakley, innovation isn't something we check off a list; it's been core to our methodology from the start.

You're part of fostering a culture where people are encouraged to think differently—it's led to unexpected and extraordinary products and experiences. To stay relevant to our customers, innovation must remain integral to everything we do. It takes people like you to remember that and to keep pushing yourself (and others) to always be thinking of ways to make things better.

WHAT CAN WE LEARN FROM OTHERS ABOUT BEING NANOVATIVE?

Innovation can mean inventing something from scratch, or it might be as simple as finding a new perspective. Great innovators throughout history can inspire us to keep thinking a few steps ahead.



COMING TOGETHER TO CREATE CARS OF THE FUTURE

To optimize resources and foster new ways of working, BMW established FIZ, a Research and Innovation Centre in Munich, Germany. When developing a new car, 200 to 300 team members from engineering, design, production, marketing, purchasing, and finance gather at FIZ for up to three years to collaborate in close proximity to roughly 8,000 permanent R&D employees. Designed in open honeycomb modules, the center's architecture encourages face-to-face interactions and guarantees short walking distances. The centralization of resources and streamlining of interfaces speeds up communication and reduces conflict in an efficient and cost-effective manner. Since its founding in 1987, FIZ has proven to be a leader in auto innovation as well as a model for innovative ways of working across businesses. At Oakley, how do we use space and organization to help us innovate?



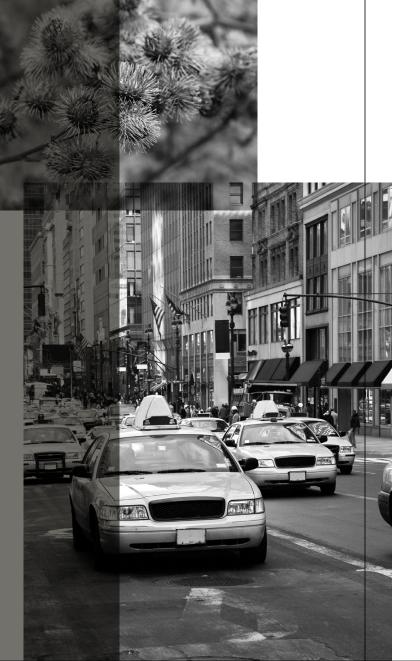
"If I had asked the public what they wanted, they would have said 'a faster horse.'"

–HENRY FORD, Founder, Ford Motor Company

"You can't just ask customers what they want and then try to give that to them. By the time you get it built, they'll want something new."

-STEVE JOBS, CEO, Apple

Where does inspiration come from?



LEARNING FROM NATURE TO SOLVE PROBLEMS

Sometimes paying attention to mundane problems can lead to the most profound creations. On a hunting trip, Swiss engineer George de Mestral was pestered by the burrs that kept sticking to his socks and to his dog. Analyzing the burrs under a microscope, de Mestral was intrigued by how tightly their tiny hooks latched on to fabric and fur. He spent ten years trying to replicate the natural mechanism for seed dispersion with synthetic materials to create an adhesive solution. Although weavers initially disregarded the new technology, now known as Velcro, it became a staple of NASA's space suit design—the ultimate validation of functionality. "A person who never made a mistake never tried anything new."

-ALBERT EINSTEIN, Physicist

"When you innovate, you've got to be prepared for everyone telling you you're nuts."

-LARRY ELLISON, CEO, Oracle

Can you think of a time at Oakley when a problem led you and your team to a great solution?

FINDING INSPIRATION IN UNEXPECTED PLACES

Who would have thought that Twitter, with more than 200 million accounts, was inspired by something as ordinary as urban transport? Combining SMS, email, and instant messaging to mimic the short bursts of information seen in the dispatch systems of taxis and buses, Twitter revolutionized communication by providing a platform for real-time microblogging. This new form of social networking forever changed how news is gathered and distributed, the way protests form, and how high-profile figures reach out to the masses. There are times when people question our ideas at Oakley. But that just motivates us to keep innovating.

WE DESIGN FOR THE FUTURE AND DELIVER TO THE PRESENT.

We have ventured where no one else has, sometimes with success and sometimes not. But when we get it right, the people we serve go higher, move faster, perform better. From an MX handgrip engineered to increase grip when wet to technical apparel designed to protect the body against the elements, our patented technologies enable new possibilities. Because of our insatiable appetite for making things better, we're constantly evolving new ways to bring to life the products and technologies of our dreams. Our unleashed imagination, hunger for risk taking, and passion for the craft breed an unconventional approach that, when put to the test, makes things people marvel over. And that ideal fuels our desire to do it all over again.

WHAT DOES IT MEAN TO BE INNOVATIVE AT OAKLEY?

We have a history of creating products that no one expected. Look at X Metal and Over The Top. It's only a matter of time before we start reinventing those and surprise people with something new.



WE DESIGN FOR THE FUTURE AND DELIVER TO THE PRESENT.

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Recognizing that world-class athletes must adjust seamlessly to shifting environments and conditions, we introduced the Blades—the first customizable sunglass. This enabled athletes to quickly change lenses before or during a race or competition. We didn't just tweak the Eyeshades to come out with a new eyewear product, we fundamentally changed the technology of a sunglass, which earned the Blades five patents.

1986

The dual-lens, wraparound-style Eye Jacket was the first pair of sunglasses with frames formed solely from computerized data, offering a level of precise craftsmanship unprecedented in the industry. This technological breakthrough has allowed us to create increasingly innovative frames, lenses, and materials, showing us the great value of pioneering new methods of production.

Founder Jim Jannard's reinvented handgrip changed the motocross industry forever. Using Unobtanium, a material he developed to become stickier when wet, Jannard figured out how to enhance riders' grips, even when their hands were sweaty. The Oakley Grip showed the world that Oakley thrived on doing things no one had done before. Unobtanium would later become integral to other Oakley innovations as it was applied to earstems and nosepieces in eyewear.

1975

1985



While sunglasses are a necessary piece of equipment for athletes' visibility, glare often becomes an inhibitor. To solve this problem, we introduced our patented Iridium lens coating to reduce glare and increase depth perception in bright sun. The coating shields undesired wavelengths of light while enhancing others, which allows athletes to improve color recognition based on the Iridium tint they choose.

1994



After inventing a process to cast titanium alloy, Oakley introduced X Metal, the first 3-D sculptured all-metal frame. Steel frames of equivalent strength would have weighed ten pounds, but X Metal was extremely lightweight, sculpted to fit comfortably, and could withstand the weight of a car. With 20 patents for design and technology, X Metal took eyewear innovation to a whole new level. With a vision that electronics would be the future of performance technology, Oakley released the first-ever digital audio eyewear—the Thump. The all-in-one system allowed athletes to train with music without dangling cords or having to carry an extra accessory. Typically, a product with seven parts would take four months, concept-to-shelf. But with the Thump, our work ethic matched the radical nature of the idea: We made the 127-part product in just three months.

2009

1997

Who said sunglasses have to sit on top of your ears? By reverse engineering the human skull, we crafted Over The Top as a hingeless frame that wraps the upper cranium, discarding earstems altogether. As seen over the top of Trinidad and Tobago's Ato Boldon in the 2000 Summer Olympics, the eyewear instantly turned heads and challenged the most basic assumptions about what performance eyewear could be.

2000

2004

Building upon Racing Jacket, the Jawbone introduced several major feats in eyewear. Our state-of-the-art Switchlock technology—a hinge mechanism that allows quick lens replacement—ended the days of breaking lenses when trying to switch them out, while the revolutionary frame architecture suspends the lenses to minimize the distortion caused by compression stress. When Thor Hushovd and George Hincapie debuted the sunglass in the 2008 Tour de France, the Jawbones left a mark on the cycling community. With the Kitchen Sink Backpack, we combined the prime features of all our packs into one design. We built in an abundance of compartments, including a padded sleeve for a 17-inch laptop and pockets for mobile devices, along with a compression-molded compartment to protect glasses or a media player. The backpack is selfdraining and waterproof for wet board shorts or workout gear. We took our eye for innovation and proved that we could apply it to more than just eyewear and apparel.



Think of our potential if we keep up this kind of innovation. We keep pushing boundaries because we hear the impact it has

FROM OUR CUSTOMERS....

"OAKLEY IS A COMPANY THAT NEVER RESTS.

It means they innovate. I've been through many generations of Oakley sunglasses, and you always get to a point and you think, 'OK this is it, they've done the ultimate thing. How are you gonna improve on that?' Before anyone even starts to remotely think about needing something more or wanting something better, they've already done the work. So the product is already on the way. Clearly guys are sitting there going, 'No, we can do better. We gotta improve on this.' Whether it's the optics, whether it's the weight, whether it's the function, or the durability in tough conditions. There's no moss growing on those guys.

4

RON

LIVESTER

-LANCE, Cycling

"I LOVE WHEN A COMPANY DOESN'T TRY TO EMULATE WHAT ALREADY EXISTS

but tries to improve on the existing by looking at it from a different angle. Oakley is that type of collective unit, and what seems to come out of left field at first, always blows my mind when the product is tested and worn. A company that can stay successful while reinventing itself so many times is a real testament to the power and loyalty of the brand. From my first pair of 0 Frames at age 13 to my first pair of Jawbones, Oakley has meant one thing: a dedication to push the envelope of style and performance.

-ANDREW, Retail partner

"AS A SKIER I HAVE BEEN USING OAKLEY EYEWEAR FOR 18 YEARS.

The goggles have always been known as the best in the snow industry. What's been the best for me is how unreal the optics and fit are. Other goggle companies take lens clarity for granted; it's just the old-school nature of making goggles. But with Oakley's latest invention of putting its high-definition optics into a goggle lens it has completely changed the performance. For me, the lenses are so good I don't even know I have goggles on.

–SETH, Ski

WHAT DO T

It's inspiring to be part of a community that is full of surprises and is not afraid to be unconventional. We're proud to be forward-thinkers—here's what it means to us.



We make magic. If you say it can't be done, that's exactly what we'll do. "It was clear early on that lens geometry and technology would be a big part of our story. But a big turning point came in the mid-90s with XYZ optics, now known as HDO. Even though we had taper correction in the horizontal and vertical planes, we knew that unless we matched up the specific lens shape to each frame design, and how that relates to how the person sees through that lens, we wouldn't have full optical correction. So with that, we had three-dimensional optical correction, and we had three-dimensional sculpture. That was pretty cool."

"1996 is the most important date in our history. It's the year our business fundamentally changed. We were working hardcore on X Metal, and to get it done, Oakley brought together what was and still is today the core leadership of our design team. These guys spent that entire year doing nothing else but working on one sunglass design, every day, late into the evening. Prototyping, drawing, CAD, over and over again. That kind of horsepower was amazing. And I think the important part about it is not that we created Romeo (the first X Metal) that year, but that we created a methodology for doing great work that we still use today. It was the first formulation of taking ideas and thoughts, putting them into sketches, creating dimensional models of those, critiquing them, and moving those models into the digital world. It was the first year that anybody really did that in eyewear. And it applies to so many three-dimensional things that we do today even beyond eyewear." What has been a recent turning point for your team or function?

o Fin

Main Jac

Hose Ford / LATCH

TO EVOLVE A NEW PRODUCT, WE FUNDAMENTALLY REINVENT THE TECHNOLOGY. WE DON'T JUST CHANGE HOW IT LOOKS.

EPEAL,

OPEN JAW!

"WE WERE SECOND AFTER BOEING TO PURCHASE A RAPID PROTOTYPING MACHINE. THAT WAS HUGE." "On the IT side we always have to be a step ahead because things change so fast. We did our website in '96, and then in '98 we integrated the website into SAP. It was a huge enabler for us. It allowed our web business to go from nothing to a million dollars that first year. And it allowed us to add software as we grew into footwear and apparel. You really didn't find many companies of our size taking on something that big. At SAP's big meeting, called Sapphire, they even acknowledged Oakley as one of the most comprehensive implementations of SAP in the world, given the number of modules we used and the fact that we were in so many countries. If we didn't have all those systems, it would have been a lot harder to grow." What has your function at Oakley done to be a step ahead?

WE APPLY PROBLEM-SOLVING AND CREATIVE THINKING TO FINDING THE RIGHT TOOLS AND SYSTEMS FOR THE JOB.

"'Purpose Beyond Reason' is more than a company mantra, it's become an attitude that has really come to life in my work. You may not know how exactly you're going to accomplish it, how much trial or error it will take to get it right, but what you do know is that in the end, the shit is going to be innovative, beautiful, enviable, and functional."

"Sometimes we come up with our best solutions when we think about them upside down and backward. Hey, look at Over The Top. Jim held up two Time Bombs over his head with the dials over his eyes. Classic definition of pushing the design envelope."

"THE INSPIRATION FOR OUR WORK COMES FROM ALL OVER THE PLANET.

A drawing, a car, a backflow check valve on a piece of plumbing. You're gearing the group to be obsessed with looking at stuff and seeing how it applies to our reality. WHEN SOMETHING CAN BE MADE BETTER, WE CAN'T HELP BUT JUMP AT THE OPPORTUNITY.

"We'd been working to develop shoes for the Navy Seals and the British Secret Intelligence Service. We asked them why they had been using 1960s Vietnam-style boots, and they said because the old boots were made to walk through swamps and wet conditions, which they needed. We asked why they'd never made a boot that could both leak out water and be used on land in drier conditions. They said no one had ever thought of that. So we started developing a boot that could fit into swimming fins, and then drain out water when the fins were removed and leave no wet footprints after three steps. The boots were also packable because these guys had a lot of gear and often needed to change it. We knew we'd never make money selling them; it's something we did because there was a problem and there's nothing we like better than finding a solution."

"WE'RE NOT NORMAL, BUT IN A GOOD WAY.

We're inventions wrapped in art. We're rule breakers. We're pirates. We not only don't think inside the box, we don't know where the box is. We love a challenge. We love big obstacles and we're risk takers. We're trained professionals in certain areas, and we have a passion for doing great work.

"ANYTHING AND EVERYTHING IS FAIR GAME. THE CRAZIER THE BETTER."

SOMETIMES A CHALLENGE IS OUR BIGGEST MOTIVATOR TO BE CREATIVE AND GET THE JOB DONE.

"Oakley loves to springboard new eyewear products by leaking them out to the world during big sporting events —Tour De France, Ironman, the Olympics. For the 2008 TDF, the head of Oakley's design team, now CEO Colin Baden, challenged his team to hand-make a style called 'Jawbone' for a couple of riders, although it was slated for release in mid-2009. The Oakley team raced ahead and got two frames hand-cut from a block of O-Matter. The lens engineers traced the frame and cut lenses for the frames while the Unobtanium was painstakingly created at HQ. The cost of each completed frame was almost \$8,000. The two frames (with multiple lens tints) were sent to Paris by FedEx at night and were driven to the start of the Tour in Breast, Brittany the next day (the drive took 10 hours due to French holiday traffic and TDF road blocks!). They arrived a couple of hours before the Tour started on Saturday morning, just in time to be fitted and approved by riders Thor Hushovd and George Hincapie. It was great to see how the sports marketing and design teams reacted and accomplished this feat of engineering and product placement success. And by the way, Thor won that day! Leaving the world asking: What the heck are those Oakleys he's wearing?!"

When has your team pulled off something great in a limited amount of time?

"WE'VE NEVER BEEN A BRAND THAT FOLLOWED.

We always invent. We always lead. Jim used to say that the consumers don't know what they want. They'll tell you what they know. It's up to us to give them the next thing.

How do you innovate?

Reminding ourselves of the impact we make on our customers, our athletes, and the entire industry by being innovative fuels our efforts to keep it up. Your challenge is to figure out how to unleash your inner innovator. You've probably experienced a time when you weren't quite sure how you were going to achieve a task; you were lost and confused; you had an assignment without much direction. Those situations are often the ones that lead to the greatest discoveries. So don't shy away from them. The next time you or your team is feeling stuck, try to find a new perspective, take a risk, push on ambiguity until it makes sense. And if you're still in need of inspiration, come back here to find an example of how **We design for the future and deliver to the present**.

