

FOSSIL INC
Form PRE 14A
March 28, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

FOSSIL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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- o Fee paid previously with preliminary materials.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

FOSSIL, INC.

901 S. Central Expressway
Richardson, Texas 75080

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 22, 2013**

To the Stockholders of Fossil, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of Fossil, Inc., a Delaware corporation (the "Company"), will be held at the offices of the Company, 901 S. Central Expressway, Richardson, Texas 75080, on the 22nd day of May 2013, at 9:00 a.m. (local time) for the following purposes:

1. To elect ten (10) directors to the Company's Board of Directors to serve for a term of one year or until their respective successors are elected and qualified.
2. To hold an advisory vote on executive compensation as disclosed in these materials.
3. To ratify the appointment of Deloitte and Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 28, 2013.
4. To vote on an amendment to the Company's certificate of incorporation to change its corporate name to Fossil Group, Inc.
5. To vote on a stockholder proposal as described in these materials, if properly presented at the Annual Meeting.
6. To transact any and all other business that may properly come before the meeting or any adjournment(s) or postponement(s) thereof.

The Board of Directors has fixed the close of business on March 28, 2013 as the record date (the "Record Date") for the determination of stockholders entitled to notice of and to vote at the Annual Meeting or any adjournment(s) or postponement(s) thereof. Only stockholders of record at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. The stock transfer books will not be closed. A list of stockholders entitled to vote at the Annual Meeting will be available for examination at the offices of the Company for 10 days prior to the meeting.

You are cordially invited to attend the meeting. Whether or not you expect to attend the meeting in person, however, you are urged to vote your shares as soon as possible so that your shares of stock may be represented and voted in accordance with your wishes and in order that the presence of a quorum may be assured at the meeting. You may vote your shares via a toll-free telephone number or over the Internet. Alternatively, if you request or receive a paper copy of the proxy materials by mail, you may vote by signing, dating and mailing the proxy card in the envelope provided. Voting in one of these ways will ensure that your shares are represented at the meeting. Your proxy will be returned to you if you are present at the meeting and request its return in the manner provided for revocation of proxies in the enclosed proxy statement.

**BY ORDER OF THE BOARD
OF DIRECTORS**

Randy S. Hyne
*Vice President,
General Counsel and Secretary*

April [], 2013
Richardson, Texas

Important notice regarding the availability of proxy materials for the annual meeting to be held on May 22, 2013: Our official Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders covering the Company's fiscal year ended December 29, 2012 are also available at <http://viewproxy.com/fossil/2013/>.

FOSSIL, INC.

901 S. Central Expressway
Richardson, Texas 75080

**PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS**

TO BE HELD MAY 22, 2013

**SOLICITATION AND REVOCABILITY
OF PROXIES**

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Fossil, Inc., a Delaware corporation (the "Company"), of your proxy to be voted at the 2013 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held on May 22, 2013, at the time and place and for the purpose of voting on the matters set forth in the Notice of Annual Meeting of Stockholders (the "Annual Meeting Notice") and at any adjournment(s) or postponement(s) thereof. These matters include:

1. To elect ten (10) directors to the Company's Board of Directors to serve for a term of one year or until their respective successors are elected and qualified.
2. To hold an advisory vote on executive compensation as disclosed in these materials.
3. To ratify the appointment of Deloitte and Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 28, 2013.
4. To vote on an amendment to the Company's certificate of incorporation to change its corporate name to Fossil Group, Inc.
5. To vote on a stockholder proposal as described in these materials, if properly presented at the Annual Meeting.
6. To transact any and all other business that may properly come before the meeting or any adjournment(s) or postponement(s) thereof.

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: **FOR** each of the ten nominees named in this proxy statement for election to the Board of Directors under Proposal 1; **FOR** approval of the compensation of the Company's named executive officers under Proposal 2; **FOR** the ratification of the appointment of Deloitte and Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 28, 2013 under Proposal 3; **FOR** an amendment to our certificate of incorporation to change our corporate name to Fossil Group, Inc.; and **AGAINST** the stockholder proposal under Proposal 5.

INTERNET AVAILABILITY AND ELECTRONIC DELIVERY OF PROXY DOCUMENTS

Important notice regarding the availability of proxy materials for the Annual Meeting to be held on May 22, 2013: Our official Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders covering the Company's fiscal year ended December 29, 2012 are also available at <http://viewproxy.com/fossil/2013/>.

As permitted by Securities and Exchange Commission ("SEC") rules, we are making the Annual Meeting Notice, this proxy statement and our Annual Report available to our stockholders primarily via the Internet, rather than mailing printed copies of these materials to each stockholder. We believe that

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this process will expedite stockholders' receipt of proxy materials, lower the costs of the Annual Meeting and help to conserve natural resources. Each stockholder (other than those who previously requested electronic delivery of all materials or previously elected to receive delivery of a paper copy of the proxy materials) will receive a Notice of Internet Availability of Proxy Materials (the "Proxy Notice") containing instructions on how to access and review the proxy materials, including the Annual Meeting Notice, this proxy statement and our Annual Report, on the Internet and how to access an electronic proxy card to vote on the Internet. The Proxy Notice also contains instructions on how to receive a paper copy of the proxy materials. If you receive a Proxy Notice by mail, you will not receive a printed copy of the proxy materials unless you request one. If you receive a Proxy Notice by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Proxy Notice.

GENERAL

The executive offices of the Company are located at, and the mailing address of the Company is, 901 S. Central Expressway, Richardson, Texas 75080.

This proxy statement (the "Proxy Statement") and form of proxy are being mailed or made available to stockholders on or about April [], 2013. The accompanying Annual Report to Stockholders (the "Annual Report") covering the Company's fiscal year ended December 29, 2012 does not form any part of the materials for solicitation of proxies.

Management does not intend to present any business at the Annual Meeting for a vote other than the matters set forth in the Annual Meeting Notice and has no information that others will do so. If other matters requiring a vote of the stockholders properly come before the Annual Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the shares represented by the proxies held by them in accordance with applicable law and their judgment on such matters.

The cost of preparing, assembling, posting on the Internet, printing and mailing the Proxy Notice, Annual Meeting Notice, Annual Report, this Proxy Statement, and the form of proxy, as well as the reasonable costs of forwarding solicitation materials to the beneficial owners of shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), and other costs of solicitation, will be borne by the Company. Officers and employees of the Company may solicit proxies, either through personal contact or by mail, telephone or other electronic means. These officers and employees will not receive additional compensation for soliciting proxies, but will be reimbursed for out-of-pocket expenses. Brokerage houses and other custodians, nominees, and fiduciaries, with shares of Common Stock registered in their names, will be requested to forward solicitation materials to the beneficial owners of such shares of Common Stock.

With respect to eligible stockholders who share a single address, we are sending only one Proxy Statement or Proxy Notice to that address unless we received instructions to the contrary from any stockholder at that address. This practice, known as "householding," is designed to reduce our printing and postage costs. However, if a stockholder of record residing at such address wishes to receive a separate Proxy Statement in the future, he or she may contact Investor Relations, Fossil, Inc., 901 S. Central Expressway, Richardson, Texas 75080 or call (972) 234-2525 and ask for Investor Relations. Eligible stockholders of record receiving multiple copies of our proxy statement can request householding by contacting us in the same manner. Stockholders who own shares through a bank, broker or other nominee can request householding by contacting the nominee.

We hereby undertake to deliver promptly, upon written or oral request, a copy of the Proxy Statement or Proxy Notice to a stockholder at a shared address to which a single copy of the document was delivered. Requests should be directed to the address or phone number set forth above.

QUORUM AND VOTING

The record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting is the close of business on March 28, 2013 (the "Record Date"). On the Record Date, there were [] shares of Common Stock issued and outstanding.

Each holder of Common Stock is entitled to one vote per share on all matters to be acted upon at the meeting and neither the Company's Third Amended and Restated Certificate of Incorporation (the "Charter") nor its Third Amended and Restated Bylaws (the "Bylaws"), allow for cumulative voting rights. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum to transact business. If a quorum is not present or represented at the Annual Meeting, the stockholders entitled to vote thereat, present in person or by proxy, may adjourn the Annual Meeting from time to time without notice or other announcement until a quorum is present or represented.

Assuming the presence of a quorum, the affirmative vote of the holders of a plurality of the shares of Common Stock voting at the Annual Meeting is required for the election of directors (Proposal 1). However, pursuant to the Company's Corporate Governance Guidelines, in an uncontested election of directors, any nominee for director who has a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") is required to promptly tender his or her resignation following certification of the stockholder vote. The Nominating and Corporate Governance Committee will recommend to the Board of Directors whether to accept such resignation; however, if each member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote shall appoint a committee among themselves and recommend to the Board of Directors whether to accept such resignations. The Board of Directors will act upon such recommendation(s) within 90 days following certification of the stockholder vote.

Assuming the presence of a quorum, the affirmative vote of the holders of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on Proposals 2, 3, 4 and 5 is required to approve the compensation of the Company's named executive officers, ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm, approve the amendment to our certificate of incorporation to change our corporate name to Fossil Group, Inc. and approve the stockholder proposal. An automated system administered by an independent third party tabulates the votes. Each proposal is tabulated separately. Abstentions and broker non-votes are each included in the determination of the number of shares present for determining a quorum. Abstentions will have the effect of a vote against Proposals 2, 3, 4 and 5. Abstentions will have no effect with respect to Proposal 1. Broker non-votes will have no effect with respect to Proposals 1, 2, 4 and 5 and are inapplicable to Proposal 3.

HOW TO VOTE

You may vote by proxy or in person at the Annual Meeting. We suggest that you vote by proxy even if you plan to attend the meeting. If you are the stockholder of record, you can vote by proxy via a toll-free telephone number, over the Internet or by mail. Please refer to your Proxy Notice or the proxy card included with these proxy materials for instructions on how to access an electronic proxy card to vote on the Internet, vote by telephone, or to receive a paper copy of the proxy materials to vote by mail.

If you are not the record holder of your shares of Common Stock, please follow the instructions provided by your broker, bank or other nominee.

Any stockholder of the Company giving a proxy may revoke the proxy at any time before its exercise by voting in person at the Annual Meeting, by submitting a duly executed proxy bearing a later date by

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telephone, via the Internet or by mail or by giving written notice of revocation to the Company addressed to Randy S. Hyne, Vice President, General Counsel and Secretary, Fossil, Inc., 901 S. Central Expressway, Richardson, Texas 75080. No such revocation shall be effective, however, unless the notice of revocation has been received by the Company at or prior to the Annual Meeting.

To obtain directions to attend the Annual Meeting and vote in person, please contact Investor Relations at (972) 234-2525.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company's only outstanding class of equity securities is its Common Stock. The following table sets forth information regarding the beneficial ownership of Common Stock as of March 14, 2013 by (i) each Named Executive Officer (as defined in "Compensation Discussion and Analysis"); (ii) each director and director nominee of the Company; (iii) all present executive officers and directors of the Company as a group; and (iv) each other person known to the Company to own beneficially more than five percent (5%) of the Common Stock as of March 14, 2013. The address of each officer and director is c/o Fossil, Inc., 901 S. Central Expressway, Richardson, Texas 75080.

Name of Beneficial Owner	Shares Beneficially Owned(1)(2)	
	Number	Percent
Darren E. Hart	10,226(3)	*
Kosta N. Kartsotis	6,413,039(4)	10.8%
Mike Kovar	46,905(5)	*
Jennifer Pritchard	35,629(6)	*
Mark D. Quick	62,780(7)	*
Dennis R. Secor	3,014(8)	*
John A. White	4,384(9)	*
Elaine Agather	3,957(10)	*
Jeffrey N. Boyer	22,257(11)	*
Diane Neal	1,938(12)	*
Thomas M. Nealon	1,787(13)	*
Elysia Holt Ragusa	9,257(14)	*
Jal S. Shroff	550,402(15)	*
James E. Skinner	27,657(16)	*
Michael Steinberg	11,679(17)	*
Donald J. Stone	39,653(18)	*
James M. Zimmerman	18,257(19)	*
All executive officers and directors as a group (19 persons)	7,302,984(20)	12.3%
Brown Advisory Incorporated	3,266,860(21)	5.5%
FMR LLC	9,000,530(22)	15.2%
T. Rowe Price Associates, Inc.	10,680,023(23)	18.0%
The Vanguard Group	3,098,118(24)	5.2%

*

Less than 1%

(1)

Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Beneficial ownership information is based on the most recent Form 3, 4 and 5 and Schedule 13D and 13G filings with the SEC and reports made directly to the Company. The number of shares shown as beneficially owned includes shares of Common Stock subject to stock options and stock appreciation rights exercisable, and restricted stock units that will vest, within 60 days after March 14, 2013. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

(2)

The percentages indicated are based on 59,277,002 shares of Common Stock outstanding on March 14, 2013. Shares of Common Stock subject to stock options and stock appreciation rights exercisable, and restricted stock units that will vest, within 60 days after March 14, 2013 are deemed outstanding for computing the percentage of the person

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or entity holding such securities but are not outstanding for computing the percentage of any other person or entity.

- (3) Includes 3,430 shares of Common Stock subject to stock appreciation rights, of which 1,781 shares have a grant price of \$128.29, and 1,649 shares have a grant price of \$127.84, all exercisable within 60 days. Also includes 5,886 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (4) Includes 468,248 shares of Common Stock pledged as collateral to secure a margin loan with Citi Smith Barney and 223,509 shares of Common Stock in grantor retained annuity trusts.
- (5) Includes 12,375 shares of Common Stock subject to stock appreciation rights, of which 3,600 shares have a grant price of \$30.71, 1,200 shares have a grant price of \$13.65, 3,860 shares have a grant price of \$38.40, 2,311 shares have a grant price of \$81.23 and 1,404 shares have a grant price of \$127.84, all exercisable within 60 days. Also includes 591 shares of restricted stock and 8,934 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (6) Includes 20,025 shares of Common Stock subject to stock appreciation rights, of which 1,200 shares have a grant price of \$31.24, 3,000 shares have a grant price of \$30.71, 4,800 shares have a grant price of \$13.65, 5,575 shares have a grant price of \$38.40, 3,380 shares have a grant price of \$81.23 and 2,070 shares have a grant price of \$127.84, all exercisable within 60 days. Also includes 14,282 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (7) Includes 31,053 shares of Common Stock subject to stock appreciation rights, of which 6,000 shares have a grant price of \$30.71, 6,000 shares have a grant price of \$13.65, 8,806 shares have a grant price of \$38.40, 5,474 shares have a grant price of \$81.23 and 4,773 shares have a grant price of \$127.84, all exercisable within 60 days. Also includes 1,471 shares of restricted stock and 27,969 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (8) Consists of shares of Common Stock subject to restricted stock units that vest within 60 days.
- (9) Consists of shares of Common Stock subject to restricted stock units that vest within 60 days.
- (10) Includes 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (11) Includes 15,000 shares of Common Stock subject to stock options exercisable within 60 days and 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (12) Includes 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (13) Consists of shares of Common Stock subject to restricted stock units that vest within 60 days.
- (14) Includes 5,000 shares of Common Stock subject to stock options exercisable within 60 days and 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.

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- (15) Includes indirect ownership of 545,442 shares of Common Stock owned of record by Healing Light Limited, an entity controlled by Mr. Shroff. Mr. Shroff and his wife, Mrs. Pervin Shroff, share voting and investment power with respect to 545,442 shares of Common Stock. Also includes 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (16) Includes 15,000 shares of Common Stock subject to stock options exercisable within 60 days and 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (17) Includes 10,000 shares of Common Stock subject to stock options exercisable within 60 days and 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (18) Includes 10,000 shares of Common Stock subject to stock options exercisable within 60 days and 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (19) Includes 9,000 shares of Common Stock subject to stock options exercisable within 60 days and 1,679 shares of Common Stock subject to restricted stock units that vest within 60 days.
- (20) Reflects the information in footnotes (3) through (19) above, and includes 20 shares of Common Stock owned by Mr. Livio Galanti as custodian for Gabriel Galanti, minor child, 32 shares of restricted stock and 10,491 shares of Common Stock subject to restricted stock units that vest within 60 days that are owned by Mr. Galanti and 1,949 shares of Common Stock subject to restricted stock units owned by Mr. Thomas M. Kennedy that vest within 60 days.
- (21) Based on information contained in Amendment No. 1 to Schedule 13G filed with the Securities and Exchange Commission on February 7, 2013 by Brown Advisory Incorporated ("BA, Inc."), which indicates that (i) BA, Inc. has sole voting power relative to 2,393,740 shares of Common Stock and shared dispositive power over 3,266,860 shares of Common Stock, (ii) Brown Advisory, LLC has sole voting power relative to 2,253,779 shares of Common Stock and shared dispositive power over 3,126,029 shares of Common Stock, and (iii) Brown Investment Advisory & Trust Company has sole voting power relative to 139,961 shares of Common Stock and shared dispositive power over 140,831 shares of Common Stock. The address of BA, Inc. is 901 South Bond Street, Suite 400, Baltimore, Maryland 21231.
- (22) Based on information contained in Amendment No. 17 to Schedule 13G filed with the Securities and Exchange Commission on February 14, 2013 by FMR LLC ("FMR"), which indicates that (i) FMR has sole voting power over 16,967 shares of Common Stock and sole dispositive power over 9,000,530 shares of Common Stock, (ii) Edward C. Johnson 3d has sole dispositive power over 9,000,530 shares of Common Stock, and (iii) Fidelity Growth Company Fund, an investment company registered under the Investment Company Act of 1940, has an interest in 5,753,744 shares of Common Stock. The address of FMR is 82 Devonshire Street, Boston, Massachusetts 02109.
- (23) Based on information contained in Amendment No. 3 to Schedule 13G filed with the Securities and Exchange Commission on February 7, 2013 by T. Rowe Price Associates, Inc. ("Price Associates"), which indicates that Price Associates has sole voting power over 3,678,448 shares of Common Stock and sole dispositive power over 10,680,023 shares of Common Stock. These securities are owned by various individual investors and institutional investors, including T. Rowe Price International and the T. Rowe Price

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Mutual Funds, for which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The address of Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202.

(24)

Based on information contained in Schedule 13G filed with the Securities and Exchange Commission on February 13, 2013 by The Vanguard Group ("Vanguard"), which indicates that Vanguard has sole voting power over 94,938 shares of Common Stock, sole dispositive power over 3,006,480 shares of Common Stock, and shared dispositive power over 91,638 shares of Common Stock. The address of Vanguard is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

**ELECTION OF DIRECTORS
(Proposal 1)**

The Board of Directors currently consists of twelve members. Each of our current directors will stand for reelection at the Annual Meeting, except Michael Steinberg and Donald J. Stone whose terms expire at the Annual Meeting.

To be elected as a director, each director nominee must receive a plurality of the votes cast at the Annual Meeting for the election of directors. A description of our policy regarding nominees who receive a Majority Withheld Vote in an uncontested election is set forth under "Quorum and Voting." Should any director nominee become unable or unwilling to accept nomination or election, the proxy holders may vote the proxies for the election, in his or her stead, of any other person the Board of Directors may nominate or designate. Each director nominee has expressed his or her intention to serve the entire term.

Directors and Nominees

The following table and text set forth the name, age and positions of each director nominee:

Name	Age	Position
Elaine Agather	57	Director
Jeffrey N. Boyer	54	Director
Kosta N. Kartsois	60	Chairman of the Board and Chief Executive Officer
Diane L. Neal	56	Director
Thomas M. Nealon	52	Director
Mark D. Quick	64	Director
Elysia Holt Ragusa	62	Lead Independent Director
Jal S. Shroff	76	Director
James E. Skinner	59	Director
James M. Zimmerman	69	Director

The following sets forth biographical information and the qualifications and skills for each director nominee:

Elaine Agather was appointed to the Board of Directors effective February 12, 2007. Ms. Agather is currently a member of the Company's Audit Committee and Chairperson of the Compensation Committee. Since 1999, Ms. Agather has served as Chairperson of JP Morgan Chase, Dallas Region. She also has served as South Region Head and Managing Director of JPMorgan Private Bank since 2001. From 1992 until 1999, she served as Chairperson of Texas Commerce Bank in Fort Worth, Texas. Ms. Agather has extensive leadership experience as CEO and Chairperson of large organizations, substantial banking experience and financial acumen developed through her CEO and Chairperson experience.

Jeffrey N. Boyer was appointed to the Board of Directors effective December 20, 2007. Mr. Boyer is currently Chairperson of the Company's Audit Committee and a member of the Finance Committee. He has served as Executive Vice President and Chief Operating Officer of 24 Hour Fitness Worldwide, one of the world's largest privately owned and operated fitness center chains, since June 2012, and prior to that served as their Executive Vice President and Chief Financial Officer since April 2008. Mr. Boyer previously served as President and Chief Financial Officer of Michaels Stores, Inc. from March 2006 until March 2008. Mr. Boyer also held the position of Executive Vice President and Chief Financial Officer of Michaels Stores, Inc. from January 2003 to March 2006. Prior to joining Michaels, he served as the Executive Vice President and Chief Financial Officer of Kmart Corporation. From 1996 until 2001, he held multiple positions with Sears, Roebuck & Company, advancing to the post of Senior Vice President and Chief Financial Officer. Mr. Boyer has extensive leadership experience as

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CFO of large organizations and experience in accounting, finance, capital markets, strategic planning and risk management developed through his CFO and public accounting experience and has been determined by the Board of Directors to meet the qualifications of an "audit committee financial expert" in accordance with SEC rules.

Kosta N. Kartsotis has served as Chief Executive Officer since October 2000 and Chairman of the Board since May 2010. Mr. Kartsotis also served as President of the Company from December 1991 to December 2006 and as Chief Operating Officer from December 1991 until October 2000. Mr. Kartsotis joined the Company in 1988. He has been a director of the Company since 1990. Mr. Kartsotis has extensive senior level experience as our CEO, substantial experience in the fashion retailing industry and substantial sales, marketing and merchandising experience. He has deep knowledge of the Company and its businesses, having served on our Board since 1990.

Diane L. Neal was appointed to the Board of Directors on February 20, 2012, and she is currently a member of the Compensation Committee and Nominating and Corporate Governance Committee. Ms. Neal most recently served as CEO of Bath & Body Works, a national retailer of personal care products. She resigned from that position in July 2011 to relocate to San Francisco for personal reasons. Ms. Neal joined Bath & Body Works in November 2006 as President and COO and held those positions until her promotion to CEO in June 2007. Prior to joining Bath & Body Works, Ms. Neal served as President of the Outlet Division for Gap Inc., a leading global specialty retailer, where she was responsible for the outlet business for all three Gap Inc. brands. Prior to joining Gap Inc., Ms. Neal spent 22 years with Target Corporation in multiple divisions, including Dayton's Department Stores (now Macy's), Mervyn's, Target Sourcing Services and Target Stores. During her career with Target Corporation, Ms. Neal spent 16 years at Target Stores, where she held multiple positions and responsibilities, including merchandising, planning, distribution and sourcing. Ms. Neal was promoted to President of Mervyn's in 2001 and served in that capacity until 2004, when she joined Gap Inc. Ms. Neal has extensive leadership experience as the CEO of a large organization and substantial experience in retailing, merchandising and strategic planning.

Thomas M. Nealon was appointed to the Board of Directors on April 16, 2012, and he is currently a member of the Company's Finance Committee and Nominating and Corporate Governance Committee. Mr. Nealon is currently a member of the Board of Directors of Southwest Airlines Co. Mr. Nealon most recently served as Group Executive Vice President at J. C. Penney Company, Inc. Mr. Nealon resigned from that position effective December 1, 2011 for personal reasons. Mr. Nealon joined J. C. Penney, a national retailer, in 2006 as Chief Information Officer and held that position until his promotion to Group Executive Vice President in [month] 2010. Prior to joining J. C. Penney, he was with Electronic Data Systems, an information technology and services company now a division of the Hewlett-Packard Company, from 2004 to 2006 where he served on assignment as the Senior Vice President and Chief Information Officer for Southwest Airlines Co. Prior to joining Electronic Data Systems, Mr. Nealon was a partner from 2000 to 2004 at the Feld Group, an IT management consultancy firm later acquired by Electronic Data Systems. Mr. Nealon also spent fifteen years with Frito-Lay, Inc., a division of PepsiCo, ultimately serving as Chief Information Officer. Mr. Nealon has extensive experience in information technology, corporate strategy and e-commerce.

Mark D. Quick was appointed to the Board of Directors on October 26, 2012. Mr. Quick served as Vice Chairman of the Company from January 2007 until October 2012. Mr. Quick served as our President, Fashion Accessories from October 2000 until December 2006 and President, Stores Division from March 2003 until September 2006. Mr. Quick also served as our Executive Vice President from March 1997 until October 2000. From November 1995 until March 1997, he served as our Senior Vice President Accessories. Mr. Quick has deep knowledge of the Company and its businesses, having served as an employee of the Company for approximately 17 years.

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Elysia Holt Ragusa was appointed to the Board of Directors effective December 20, 2007. Ms. Ragusa is currently a member of the Company's Compensation Committee and Chairperson of the Nominating and Corporate Governance Committee. Ms. Ragusa is also currently the Lead Independent Director and has served in that role since May 2010. Ms. Ragusa currently serves on the Board of Directors of Texas Capital Bancshares Inc. She has served as Senior Managing Director and International Director for Jones Lang LaSalle since July 2008. Jones Lang LaSalle provides integrated real estate and investment management services to owner, occupier and investor clients worldwide. She previously served as President, Corporate Services-East Staubach Holdings, Inc., and was a member of both the Executive Committee and The Staubach Company's Board of Directors. Ms. Ragusa served as President and Chief Operating Officer of The Staubach Company from July 2001 until June 2007. Jones Lang LaSalle and The Staubach Company merged in 2008. Ms. Ragusa has extensive experience in leading large organizations with special skills in operations, marketing, sales and developing people. She also has experience in commercial real estate acquisition and disposition.

Jal S. Shroff is formerly an employee of Fossil (East) Limited and served as its Managing Director from January 1991 until July 2009. Mr. Shroff has been a director of the Company since April 1993. Mr. Shroff has extensive experience in manufacturing and sourcing operations and has a broad knowledge of the Asia-Pacific markets for our products having been based in Hong Kong since 1959. He has deep knowledge of the Company and its businesses, having served on our Board since 1993.

James E. Skinner was appointed to the Board of Directors effective December 20, 2007. Mr. Skinner is currently a member of the Company's Audit Committee and Chairperson of the Finance Committee. He has served as Executive Vice President, Chief Operating Officer and Chief Financial Officer of The Neiman Marcus Group, Inc., a luxury retailer, since October 2010, and prior to that date had been serving as Executive Vice President and Chief Financial Officer. From 2001 until October 2007, he held the position of Senior Vice President and Chief Financial Officer of The Neiman Marcus Group, Inc. Mr. Skinner served as Senior Vice President and Chief Financial Officer of CapRock Communications Corp. in 2000. Mr. Skinner has extensive leadership experience as CFO of large organizations and experience in accounting, finance, capital markets, strategic planning and risk management developed through his CFO and public accounting experience and has been determined by the Board of Directors to meet the qualifications of an "audit committee financial expert" in accordance with SEC rules.

James M. Zimmerman was appointed to the Board of Directors effective September 5, 2007. Mr. Zimmerman is currently a member of the Company's Finance Committee and Nominating and Corporate Governance Committee. Mr. Zimmerman currently serves as a member of the Board of Directors of The Chubb Corporation and Furniture Brands International. Mr. Zimmerman retired from Federated Department Stores in February 2004 after serving for the previous six years as Chairman and Chief Executive Officer, and prior to that as President and Chief Operating Officer beginning in May 1988. He is a former member of the Board of Directors of The Convergys Corporation, The Goodyear Tire and Rubber Company, and the H.J. Heinz Company. Mr. Zimmerman has extensive executive experience in leading a large retail company and strong skills in retail operations, strategic planning and public company executive compensation. He also brings insights to our Board from his service on other public company boards.

The following directors with terms expiring at the Annual Meeting are not standing for re-election:

Michael Steinberg has been a director of the Company since March 2000. Mr. Steinberg is currently a member of the Company's Compensation Committee and Nominating and Corporate Governance Committee. Mr. Steinberg served as Chairman and Chief Executive Officer of Macy's West, a Division of Federated Department Stores, Inc., a national retailer, from which he retired in January 2000. Mr. Steinberg has extensive experience in leading a large retail company, and substantial

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experience in retailing, merchandising and strategic planning. He has deep knowledge of the Company and its businesses, having served on our Board since 2000.

Donald J. Stone has been a director of the Company since April 1993. Mr. Stone is currently a member of the Company's Nominating and Corporate Governance Committee. Mr. Stone served as the Lead Independent Director from May 2007 until May 2010. Mr. Stone served as Vice Chairman of Federated Department Stores until February 1988, at which time he retired. Mr. Stone has extensive experience in leading a large retail company and substantial experience in retailing and strategic planning. He has deep knowledge of the Company and its businesses, having served on our Board since 1993.

Unless otherwise directed in the proxy, it is the intention of the persons named in the proxy to vote the shares represented by such proxy for the election of each of the director nominees. Each of the director nominees is presently a director of the Company.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH DIRECTOR NOMINEE ABOVE FOR THE BOARD OF DIRECTORS.

Board Committees and Meetings

The Board of Directors held four meetings during the fiscal year ended December 29, 2012. During 2012, each director attended 75% or more of the aggregate of the meetings of the Board of Directors and the meetings held by all committees of the Board on which such director served. The Board of Directors strongly encourages that directors make a reasonable effort to attend the Company's Annual Meeting. All of the then current members of the Board of Directors attended the Company's 2012 Annual Meeting of Stockholders.

The Board of Directors has established four standing committees: the Audit Committee, the Compensation Committee, the Finance Committee and the Nominating and Corporate Governance Committee. Each of these committees has a written charter approved by the Board. Copies of the charters can be obtained free of charge from the Company's web site, www.fossil.com, by contacting the Company at the address appearing on the first page of this proxy statement to the attention of Investor Relations, or by telephone at (972) 234-2525.

The committees on which the directors serve as of March 22, 2013 and the number of committee meetings held in fiscal 2012 are shown in the chart below.

Director	Audit Committee	Compensation Committee	Finance Committee	Nominating and Corporate Governance Committee
Elaine Agather	X	X (Chairperson)		
Jeffrey N. Boyer	X (Chairperson)		X	
Diane L. Neal		X		X
Thomas M. Nealon			X	X
Elysia Holt Ragusa		X		X (Chairperson)
James E. Skinner	X		X (Chairperson)	
Michael Steinberg		X		X
Donald J. Stone				X
James M. Zimmerman			X	X
Number of Committee Meetings in fiscal 2012:	9	9	5	4

Audit Committee. The functions of the Audit Committee are to:

appoint the Company's independent registered public accounting firm;

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review the plan and scope of any audit of the Company's consolidated financial statements;

review the Company's significant accounting policies and other related matters;

review the Company's annual and quarterly reports and earnings releases;

oversee the surveillance of administration, disclosure and financial controls;

oversee the Company's compliance with legal and regulatory requirements;

oversee the Company's monitoring and enforcement of its Code of Conduct and Ethics;

review the qualifications and independence of any independent auditor of the Company; and

oversee the performance of the Company's internal audit function and the Company's independent auditors.

Deloitte & Touche LLP, the Company's principal independent registered public accounting firm, reports directly to the Audit Committee. The Audit Committee, consistent with the Sarbanes-Oxley Act of 2002 and the rules adopted thereunder, meets with management and the Company's independent registered public accounting firm prior to the filing of officers' certifications with the SEC to receive information concerning, among other things, significant deficiencies in the design or operation of internal control over financial reporting. The Audit Committee has adopted a procedure that enables confidential and anonymous reporting to the Audit Committee of concerns regarding questionable accounting or auditing matters. The Company's internal audit group reports directly to the Audit Committee on a quarterly basis.

All members of the Audit Committee have been determined to be financially literate and to meet the appropriate Nasdaq and SEC standards for independence. See "Director Independence." The Audit Committee includes two independent directors, Messrs. Boyer and Skinner, who have been determined by the Board of Directors to meet the qualifications of an "audit committee financial expert" in accordance with SEC rules.

Compensation Committee. The functions of the Compensation Committee are to:

make recommendations to the Board of Directors regarding the compensation of Company executives;

produce annual reports on executive compensation for inclusion in the Company's proxy statement; and

oversee and advise the Board of Directors on the adoption of policies that govern, and to administer, the Company's compensation programs, including stock and benefit plans.

All members of the Compensation Committee have been determined to meet the appropriate Nasdaq standards for independence. See "Director Independence." Further, each member of the Compensation Committee is a "Non-Employee Director" as defined in Rule 16b-3 under the Exchange Act and an "outside director" as defined for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Finance Committee. The functions of the Finance Committee are to oversee all areas of corporate finance for the Company, including capital structure, equity and debt financings, capital expenditures, cash management, banking activities and relationships, investments, foreign exchange activities, and share repurchase activities. All members of the Finance Committee have been determined to meet the Nasdaq standards for independence. See "Director Independence."

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Nominating and Corporate Governance Committee. The functions of the Nominating and Corporate Governance Committee are to:

identify qualified individuals for membership on the Board of Directors;

recommend to the Board of Directors the director nominees for the next annual meeting of stockholders;

review the Company's corporate governance guidelines on an annual basis and recommend to the Board any changes deemed necessary or desirable; and

oversee the corporate governance affairs of the Board of Directors and the Company.

The Nominating and Corporate Governance Committee's role includes periodically reviewing the compensation paid to non-employee directors, and making recommendations to the Board for any adjustments. In addition, the Nominating and Corporate Governance Committee conducts an annual review of the Company's succession plans relating to the chairman and chief executive officer positions. The Nominating and Corporate Governance Committee regularly reviews the purposes of the Board committees, recommends to the Board of Directors any necessary or desired changes to the purposes of such committees and whether any committees should be created or discontinued. All members of the Nominating and Corporate Governance Committee have been determined to meet the Nasdaq standards for independence. See "Director Independence."

Risk Oversight

The Board of Directors takes an active role in overseeing management of the Company's risks through its review of risks associated with our operations and strategic initiatives and through each of the Board committees. Our Audit, Compensation, Finance and Nominating and Corporate Governance Committees are comprised solely of independent directors and have responsibility for the review of certain risks as defined in their governing documents. The Audit Committee reviews and discusses with management our major financial risks, including any risk assessment or risk management policies. The Audit Committee receives regular reports regarding enterprise risk from our Internal Audit Department and independent accountants and informs the Board of Directors of such matters through regular committee reports. In addition to receiving regular reports from the Audit Committee concerning our enterprise risk, the Board of Directors also reviews information concerning other risks through regular reports of its other committees, including information regarding financial risk management from the Finance Committee, compensation-related risk from the Compensation Committee and governance-related risk from the Nominating and Corporate Governance Committee.

Report of the Audit Committee

The following is the report of the Audit Committee with respect to the Company's audited consolidated financial statements for the fiscal year ended December 29, 2012, which includes the consolidated balance sheets of the Company as of December 29, 2012 and December 31, 2011, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended December 29, 2012, and the notes thereto. The information contained in this report shall not be deemed to be "soliciting material" or to be "filed with the SEC" or subject to the liabilities of Section 18 of the Exchange Act nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference in such filing.

Review and Discussions with Management

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with management.

Review and Discussions with Independent Registered Public Accounting Firm

The Audit Committee has discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Codification of Statements on Auditing Standards, AU 380), "Communication with Audit Committees" that includes, among other items, matters related to the conduct and the results of the audit of the Company's consolidated financial statements.

The Audit Committee has also received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence and has discussed with Deloitte & Touche LLP its independence from the Company.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2012.

AUDIT COMMITTEE
Jeffrey N. Boyer, Chairperson
Elaine Agather
James E. Skinner

Corporate Governance

The Company, with the oversight of the Board of Directors and its committees, operates within a comprehensive plan of corporate governance for the purpose of defining independence, assigning responsibilities, setting high standards of professional and personal conduct and assuring compliance with such responsibilities and standards. The Company regularly monitors developments in the area of corporate governance. Copies of the Company's Corporate Governance Guidelines can be obtained free of charge from the Company's web site, www.fossil.com, by contacting the Company at the address appearing on the first page of this proxy statement to the attention of Investor Relations, or by telephone at (972) 234-2525.

Director Independence

The standards relied upon by the Board of Directors in affirmatively determining whether a director is "independent" in compliance with the rules of the Nasdaq are comprised, in part, of those objective standards set forth in the Nasdaq Marketplace Rules, which include the following bright line rules: (i) a director who is or was at any time during the past three years an employee, or whose immediate family member (defined as a spouse, parent, child, sibling, whether by blood, marriage or adoption, and anyone sharing the director's home) is or was at any time during the past three years an executive officer of the Company, would not be independent; (ii) a director who received, or whose immediate family member received, from the Company compensation of more than \$120,000 during any twelve consecutive months within the three years preceding the determination of independence, except for certain permitted payments, would not be independent; (iii) a director who is or who has an immediate family member who is, a current partner of the Company's outside auditor or who was, or who has an immediate family member who was, a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years would not be independent; (iv) a director who is, or whose immediate family member is, employed as an executive

officer of another entity where at any time during the past three years any of the Company's executive officers served on the compensation committee would not be independent; and (v) a director who is, or who has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of any organization that, in the current or any of the past three fiscal years, has made payments to, or received payments from, the Company for property or services in an amount that, in any single fiscal year, exceeds the greater of \$200,000, or 5% of such recipient's consolidated gross revenues, except for permitted payments, would not be independent.

The Board of Directors, in applying the above-referenced standards, has affirmatively determined that our current directors Elaine Agather, Jeffrey N. Boyer, Diane L. Neal, Thomas M. Nealon, Elysia Holt Ragusa, James E. Skinner, Michael Steinberg, Donald J. Stone and James M. Zimmerman are "independent." As part of the Board's process in making such determination, each such director provided written assurances that all of the above-cited objective criteria for independence are satisfied and such director has no other "material relationship" with the Company that could interfere with such director's ability to exercise independent judgment.

Board Leadership Structure

The Board is committed to promoting effective, independent governance of the Company. The Board strongly believes it is in the best interests of the stockholders and the Company for the Board to have the flexibility to select the best director to serve as chairman at any given time, regardless of whether that director is an independent director or the chief executive officer. Consequently, our Corporate Governance Guidelines allow the Board to determine whether to separate or combine the roles of the chairman and chief executive officer.

To help ensure the independence of the Board, our Corporate Governance Guidelines require that, when the chairman is a member of management, the Chairperson of the Nominating and Corporate Governance Committee, who shall be an independent director, shall also act as a Lead Independent Director. The Lead Independent Director presides over all executive sessions of the non-management directors and other meetings of the Board in the absence of the chairman of the Board, serves as the principal liaison to the non-management directors and consults with the CEO regarding information to be sent to the Board, meeting agendas and establishing meeting schedules. In order to give a significant voice to our non-management directors, our Corporate Governance Guidelines also provide that the non-management directors of the Company meet regularly in executive session. The Company's independent directors held four formal meetings without management during fiscal 2012.

Currently, the Board has determined that it is in the best interests of the stockholders and the Company for Mr. Kartsotis to serve as our chairman as well as our chief executive officer. Since May 2010, Ms. Elysia Ragusa has been our Lead Independent Director.

The Board believes that this structure is effective and best for the Company at this point in time for several reasons. Mr. Kartsotis joined the Company in 1988 and has been a director since 1990. He holds a significant number of shares of our Common Stock, and since 2005 he has refused all forms of compensation for his service as an executive officer, expressing his belief that his primary compensation is met by continuing to drive stock price growth. The Board believes that as a long-term executive officer, director and significant stockholder, Mr. Kartsotis is well qualified to serve as our chairman and chief executive officer, and his interests are sufficiently aligned with the Company's stockholders. Mr. Kartsotis has extensive experience and knowledge of the Company and the fashion retailing industry and substantial sales, marketing and merchandising experience. The Board believes the Company has been well-served by this leadership structure and by Mr. Kartsotis' service. Mr. Kartsotis is the person with primary responsibility for our day-to-day operations and the execution of our strategies. Since our performance is one of the most important topics at Board meetings, it makes

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sense for Mr. Kartsotis to chair such discussions. This allows him to highlight important issues without unnecessary procedural delay. It also allows him to provide the proper context and background, including access to members of management and Company and industry reports, for each issue considered by the Board. Such background material is important given our size and complexity and the competitive nature of our industry. Mr. Kartsotis' extensive knowledge of the Company and involvement with day-to-day activities also helps ensure effective risk oversight for the Company. Mr. Kartsotis adheres to an "open door" policy in his communications with Board members and talks frequently with Board members. Furthermore, Board members are encouraged to freely communicate with any member of management at any time. The Board also believes it has been beneficial, in terms of its relationship with employees, stockholders, customers, business partners and others, to provide a single voice for the Company through Mr. Kartsotis. Having one person serve as both our chairman and chief executive officer demonstrates for our employees, stockholders, customers, business partners and others that the Company is under strong leadership, with a single person setting the tone and having primary responsibility for managing our operations. Having a single leader for both the Company and the Board of Directors eliminates the potential for confusion or duplication of efforts, and provides clear leadership for our Company. In addition, in Mr. Kartsotis, the Board has found an effective leader who is able to facilitate open and productive discussion, effectively utilize each individual director's unique perspective and expertise, lead the Board in innovative and creative problem solving and, by virtue of his personal ownership in the Company, to represent the interests of our stockholders as a whole.

Director Nomination Policy

The Company has a standing Nominating and Corporate Governance Committee consisting entirely of independent directors.