

FOSSIL INC
Form PRE 14A
April 02, 2010

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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 Pursuant to §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.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

FOSSIL, INC.

2280 N. Greenville Avenue
Richardson, Texas 75082

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 19, 2010

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, 2280 N. Greenville Avenue, Richardson, Texas 75082, on the 19th day of May 2010, at 9:00 a.m. (local time) for the following purposes:

1. To vote on a proposal to amend and restate the Company's Second Amended and Restated Certificate of Incorporation, as amended, to provide for the annual election of directors.
2. If Proposal 1 is approved, 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.
3. If Proposal 1 is not approved, to elect three (3) directors to the Company's Board of Directors to serve for a term of three years or until their respective successors are elected and qualified.
4. To vote on a proposal to approve the Fossil, Inc. 2010 Cash Incentive Plan.
5. To ratify the appointment of Deloitte and Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending January 1, 2011.
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 31, 2010 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. 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 on the initial page of the enclosed proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

Randy S. Hyne

Vice President,

General Counsel and Secretary

April 14, 2010
Richardson, Texas

Important notice regarding the availability of proxy materials for the annual meeting to be held on May 19, 2010: Our official Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders covering the Company's fiscal year ended January 2, 2010 are also available at www.proxyvote.com.

FOSSIL, INC.

2280 N. Greenville Avenue
Richardson, Texas 75082

**PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS**

TO BE HELD MAY 19, 2010

**SOLICITATION AND REVOCABILITY
OF PROXIES**

The accompanying proxy is solicited by the Board of Directors on behalf of Fossil, Inc., a Delaware corporation (the "Company"), to be voted at the 2010 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held on May 19, 2010, 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. A proposal to amend and restate the Company's Second Amended and Restated Certificate of Incorporation, as amended (the "Current Charter"), to provide for the annual election of directors ("Proposal 1").
2. If Proposal 1 is approved, the election of 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 ("Proposal 2").
3. If Proposal 1 is not approved, the election of three (3) directors to the Company's Board of Directors to serve for a term of three years or until their respective successors are elected and qualified ("Proposal 3").
4. A proposal to approve the Fossil, Inc. 2010 Cash Incentive Plan ("Proposal 4").
5. Ratification of the appointment of Deloitte and Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending January 1, 2011 ("Proposal 5").
6. Transaction of any and all other business that may properly come before the meeting or any adjournment(s) or postponement(s) thereof.

Proposal 2 will only be presented to the meeting if Proposal 1 is approved. Proposal 3 will only be presented to the meeting if Proposal 1 is not approved.

When proxies in the accompanying form 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** Proposal 1; if Proposal 1 is approved, **FOR** Proposal 2; if Proposal 1 is not approved, **FOR** Proposal 3; **FOR** Proposal 4; and **FOR** 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 19, 2010: Our official Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report to Stockholders covering the Company's fiscal year ended January 2, 2010 are also available at www.proxyvote.com.

The executive offices of the Company are located at, and the mailing address of the Company is, 2280 N. Greenville Avenue, Richardson, Texas 75082.

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This proxy statement (the "Proxy Statement") and accompanying form of proxy are being mailed on or about April 14, 2010. The accompanying Annual Report to Stockholders (the "Annual Report") covering the Company's fiscal year ended January 2, 2010 does not form any part of the materials for solicitation of proxies.

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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.

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 delivering a duly executed proxy bearing a later date or by giving written notice of revocation to the Company addressed to Randy S. Hyne, Vice President, General Counsel and Secretary, Fossil, Inc., 2280 N. Greenville Avenue, Richardson, Texas 75082. 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.

In addition to the solicitation of proxies by use of the mail, officers and employees of the Company may solicit proxies, either by mail, telephone, telegraph, or through personal contact. 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 the Company's common stock, par value \$0.01 per share (the "Common Stock"), registered in their names, will be requested to forward solicitation material to the beneficial owners of such shares of Common Stock.

The cost of preparing, printing, assembling, and mailing the 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 Common Stock, and other costs of solicitation, will be borne by the Company.

With respect to eligible shareholders who share a single address, we are sending only one proxy statement to that address unless we received instructions to the contrary from any shareholder at that address. This practice, known as "householding," is designed to reduce our printing and postage costs. However, if a shareholder 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., 2280 N. Greenville Avenue, Richardson, Texas 75082 or call (972) 234-2525 and ask for Investor Relations. Eligible shareholders of record receiving multiple copies of our proxy statement can request householding by contacting us in the same manner. Shareholders 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 to a shareholder 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 31, 2010 (the "Record Date"). On the Record Date, 67,381,981 shares of Common Stock were 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 Current Charter nor its Amended and Restated Bylaws, as amended (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.

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Assuming the presence of a quorum, the affirmative vote of the holders of a majority of the shares of Common Stock outstanding and entitled to vote on Proposal 1 is required to approve the amendment and restatement of the Current Charter to provide for the annual election of directors.

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 2 or Proposal 3). 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 4 and 5 is required to approve the Fossil, Inc. 2010 Cash Incentive Plan and ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm.

An automated system administered by Broadridge Financial Solutions, Inc. tabulates the votes. Abstentions and broker non-votes are each included in the determination of the number of shares present for determining a quorum. Each proposal is tabulated separately. Abstentions will have the effect of a vote against Proposals 1, 4 and 5. Abstentions will have no effect with respect to Proposals 2 and 3. Broker non-votes will have the effect of a vote against Proposal 1. Broker non-votes will have no effect with respect to Proposals 2, 3, 4 and 5.

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 31, 2010 by (i) each Named Executive Officer (as defined in "Compensation Discussion and Analysis"); (ii) each 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 31, 2010. The address of each officer and director is c/o Fossil, Inc., 2280 N. Greenville Avenue, Richardson, Texas 75082.

Name of Beneficial Owner	Shares Beneficially Owned(1)(2)	
	Number	Percent
Michael W. Barnes	209,832(3)	*
Kosta N. Kartsotis	8,622,877(4)	12.8%
Tom Kartsotis	4,469,562(5)	6.6%
Mike Kovar	62,196(6)	*
Jennifer Pritchard	34,070(7)	*
Mark D. Quick	154,334(8)	*
Jal S. Shroff	934,600(9)	1.4%
Elaine Agather	5,500(10)	*
Kenneth W. Anderson	51,494(11)	*
Jeffrey N. Boyer	9,750(12)	*
Alan J. Gold	36,500(13)	*
Elysia Holt Ragusa	9,750(14)	*
James E. Skinner	17,450(15)	*
Michael Steinberg	33,500(16)	*
Donald J. Stone	76,312(17)	*
James M. Zimmerman	13,750(18)	*
All executive officers and directors as a group (17 persons)	14,800,678(19)	21.8%
FMR LLC	7,402,111(20)	11.0%
Lord, Abbett & Co. LLC	3,099,085(21)	4.6%
Royce & Associates, LLC	5,472,643(22)	8.1%

*
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 within 60 days after March 31, 2010. 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 67,381,981 shares of Common Stock outstanding on March 31, 2010. Shares of Common Stock subject to stock options and stock appreciation rights exercisable within 60 days after March 31, 2010 are deemed outstanding for computing the percentage of the person or entity holding such securities but are not outstanding for computing the percentage of any other person or entity.

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- (3) Includes 83,200 shares of Common Stock subject to stock appreciation rights, of which 4,800 shares have a grant price of \$18.41, 24,000 shares have a grant price of \$22.63, 14,400 shares have a grant price of \$31.24, 30,000 shares have a grant price of \$30.71 and 10,000 shares have a grant price of \$13.65, all exercisable within 60 days. Also includes 2,009 shares held indirectly through a 401(k) plan account, 25,278 shares of restricted stock and 83,479 restricted stock units subject to a vesting schedule.
- (4) Includes 3,343,558 shares of Common Stock pledged as collateral to secure a margin loan with Citi Smith Barney and 1,897,338 shares held by The Kartsotis Family Irrevocable Family Trust for the benefit of the family of Mr. Tom Kartsotis.
- (5) Includes 63,521 shares of Common Stock owned by Mr. Tom Kartsotis as custodian for Annie Kartsotis and Jack Kartsotis, both minors, 3,450 shares owned by Lynne Stafford Kartsotis, wife of Mr. Kartsotis, as to which Mr. Kartsotis disclaims beneficial ownership and 500,000 shares which are pledged as collateral to secure a revolving line of credit extended by SunTrust Bank.
- (6) Includes 24,999 shares of Common Stock subject to stock options and 14,800 shares of Common Stock subject to stock appreciation rights, of which 3,200 shares have a grant price of \$18.41, 3,200 shares have a grant price of \$31.24, 7,200 shares have a grant price of \$30.71 and 1,200 shares have a grant price of \$13.65, all exercisable within 60 days. Also includes 1,179 shares held indirectly through a 401(k) plan account, 762 shares held in a personal IRA account, 665 shares of restricted stock and 17,457 restricted stock units subject to a vesting schedule.
- (7) Restricted stock units subject to a vesting schedule.
- (8) Includes 48,000 shares of Common Stock subject to stock options and 42,000 shares of Common Stock subject to stock appreciation rights, of which 12,000 shares have a grant price of \$22.63, 12,000 shares have a grant price of \$31.24, 12,000 shares have a grant price of \$30.71 and 6,000 shares have a grant price of \$13.65, all exercisable within 60 days. Also includes 2,059 shares held indirectly through a 401(k) plan account, 2,000 shares of restricted stock and 55,701 restricted stock units subject to a vesting schedule.
- (9) Includes 86,749 shares of Common Stock subject to stock options exercisable within 60 days. Also includes indirect ownership of 847,851 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 847,851 shares of Common Stock.
- (10) Shares of Common Stock subject to stock options exercisable within 60 days.
- (11) Mr. Anderson serves as an Advisory Director. Includes 29,182 shares of Common Stock subject to stock options exercisable within 60 days.
- (12) Shares of Common Stock subject to stock options exercisable within 60 days.
- (13) Mr. Gold serves as an Advisory Director. Includes 24,000 shares of Common Stock subject to stock options exercisable within 60 days.
- (14) Shares of Common Stock subject to stock options exercisable within 60 days.
- (15) Includes 9,750 shares of Common Stock subject to stock options exercisable within 60 days.
- (16) Includes 28,500 shares of Common Stock subject to stock options exercisable within 60 days.
- (17)

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Includes 35,250 shares of Common Stock subject to stock options exercisable within 60 days.

(18)

Includes 9,750 shares of Common Stock subject to stock options exercisable within 60 days.

(19)

Reflects the information in footnotes (3) through (18) above and includes 22,500 shares of Common Stock subject to stock options and 16,450 shares of Common Stock subject to stock

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appreciation rights, of which 3,000 shares have a grant price of \$18.41, 2,250 shares have a grant price of \$25.93, 4,000 shares have a grant price of \$35.05, 4,800 shares have a grant price of \$30.71 and 2,400 shares have a grant price of \$13.65, all exercisable within 60 days, 735 shares of restricted stock and 17,580 restricted stock units subject to a vesting schedule.

(20)

Based on Amendment No. 14 to Schedule 13G filed on February 16, 2010 by FMR LLC ("FMR"), 82 Devonshire Street, Boston, Massachusetts 02109. Amendment No. 14 discloses that FMR has the sole power to vote or direct the vote of 227,540 of the 7,402,111 shares of Common Stock it beneficially owns, and sole power to dispose or to direct the disposition of 7,402,111 shares. Amendment No. 14 additionally discloses that Edward C. Johnson, 3d has sole dispositive power over 7,402,111 shares.

(21)

Based on Amendment No. 1 to Schedule 13G filed on January 8, 2010 by Lord, Abnett & Co. LLC ("Lord Abnett"), 90 Hudson Street, Jersey City, New Jersey 07302. Amendment No. 1 discloses that Lord Abnett has the sole power to vote or direct the vote of 2,864,020 of the 3,099,085 shares of Common Stock it beneficially owns, and sole power to dispose or to direct the disposition of 3,099,085 shares.

(22)

Based on Amendment No. 6 to Schedule 13G filed on January 25, 2010 by Royce & Associates, LLC ("Royce"), 745 Fifth Avenue, New York, New York 10151. Amendment No. 6 discloses that Royce beneficially owns, has the sole power to vote or direct the vote of, and has the sole power to dispose or direct the disposition of 5,472,643 shares of Common Stock.

AMENDMENT AND RESTATEMENT OF THE CURRENT CHARTER TO PROVIDE FOR THE ANNUAL ELECTION OF DIRECTORS (Proposal 1)

On March 24, 2010, the Board of Directors voted to approve, and to recommend to our stockholders that they approve, a proposal to amend and restate the Company's Current Charter to eliminate the classification of the Board of Directors and to provide instead for the annual election of directors. If approved by the Company's stockholders, the certificate of incorporation, as amended and restated (the "Amended Charter"), would provide for the annual election of directors beginning at the Annual Meeting. Under the current classified system, the terms of four directors will expire at the Annual Meeting. As of April , 2010, each of our directors whose term does not expire at the Annual Meeting has tendered his or her resignation, contingent and effective upon stockholder approval of Proposal 1.

The fourth paragraph of Article V of the Current Charter currently provides that the Board of Directors be divided into three classes of approximately equal size, composed of directors each serving terms of office of three years, and reads as follows:

The directors to be elected at the 1998 Annual Meeting of Stockholders shall be divided into three classes as nearly equal in number as possible, and designated as Class I, Class II and Class III. Class I directors shall be elected initially for a term expiring at the 1999 Annual Meeting of Stockholders, Class II directors shall be elected initially for a term expiring at the 2000 Annual Meeting of Stockholders, and Class III directors shall be elected initially for a term expiring at the 2001 Annual Meeting of Stockholders. Members of each class shall hold office until their successors are elected and qualified. At the 1999 Annual Meeting of Stockholders and at each subsequent annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected by a plurality vote of all votes cast at such meeting, to hold office for a term expiring at the Annual Meeting of Stockholders held in the third year following the year of their election, and until their successors are elected and qualified.

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If the proposed measure is approved by our stockholders, the fourth paragraph of Article V will be replaced with the following:

Commencing with the 2010 Annual Meeting of Stockholders, the directors shall be elected annually for terms expiring at the next succeeding annual meeting. A director shall hold office until his or her successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement or removal from office.

Under Section 141 of the Delaware General Corporation Law (the "DGCL"), the proposed amendment also would have the effect of changing the ability of stockholders to remove directors other than for cause. Currently, under the Company's Bylaws, directors may be removed only with cause, as defined in the Bylaws. As required by Section 141, the Board of Directors has approved changes to the Bylaws, contingent and effective upon approval of Proposal 1, to provide that directors may be removed with or without cause.

Classified boards provide protection against unwanted takeovers and proxy contests because they make it difficult for a substantial stockholder to gain control of the Board of Directors without the cooperation or approval of incumbent directors. Classified boards also foster continuity and stability, not only on the board but also in the overall business of a company, since a majority of directors will always have prior experience as directors of the company.

However, classified boards may also reduce the accountability of directors to stockholders as they may limit the ability of stockholders to evaluate and elect each director each year. Moreover, many institutional investors believe that the election of directors is the primary means for stockholders to influence corporate governance policies and to hold management accountable for implementing those policies.

In deciding to recommend declassification of the Board of Directors, the Board of Directors considered the arguments in favor of and against continuation of a classified Board of Directors structure and determined that it is in the Company's best interests to eliminate its classified Board of Directors as proposed.

The affirmative vote of the holders of a majority of the shares of Common Stock outstanding and entitled to vote on the proposal is required for the approval of Proposal 1.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" APPROVAL OF PROPOSAL 1.

ELECTION OF DIRECTORS IF PROPOSAL 1 IS APPROVED (Proposal 2)

The Board of Directors currently consists of eleven members and, as described above, is currently classified into three classes. The term of one class of directors expires each year. The terms of four directors will expire at the Annual Meeting. One of these directors, Mr. Tom Kartotis, our Chairman, is not seeking re-election. As of April , 2010, each of our directors whose term does not expire at the Annual Meeting has tendered his or her resignation, contingent and effective upon stockholder approval of Proposal 1. Therefore, contingent upon approval of Proposal 1, ten persons have been nominated for election as directors by the Board of Directors to serve for a term of office to expire at the Annual Meeting of Stockholders in 2011, with each to hold office until his or her successor has been duly elected and qualified.

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	54	Director
Michael W. Barnes	49	Director and President and Chief Operating Officer
Jeffrey N. Boyer	52	Director
Kosta N. Kartsotis	57	Director and Chief Executive Officer
Elysia Holt Ragusa	59	Director
Jal S. Shroff	73	Director
James E. Skinner	56	Director
Michael Steinberg	81	Director
Donald J. Stone	81	Director and Lead Independent Director
James M. Zimmerman	66	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 on February 8, 2007, 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.

Michael W. Barnes has served as President and Chief Operating Officer of the Company since January 1, 2007. Mr. Barnes served as President, International and Special Markets Division from October 2000 to December 2006. Mr. Barnes served as Executive Vice President from 1995 until October 2000 and has been a director of the Company since February 1993. Mr. Barnes has extensive leadership experience in managing major divisions within our Company and currently as President and COO. He has substantial knowledge of the Company and our global operations having served in various management roles since joining the Company in 1985 and on our Board since 1993.

Jeffrey N. Boyer was appointed to the Board of Directors effective December 20, 2007. Mr. Boyer is currently a member of the Company's Audit Committee and Chairman of the Finance Committee. He has served as Executive Vice President and Chief Financial Officer of 24 Hour Fitness Worldwide, the world's largest privately owned and operated fitness center chain, 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 positions of Executive Vice President and Co-President 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 the 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 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. 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. Kosta 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.

Elysia Holt Ragusa was appointed to the Board of Directors effective December 20, 2007. Ms. Ragusa is currently a member of the Compensation Committee and Nominating and Corporate Governance Committee. 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 organization with special skills in operations, marketing, sales and developing people. She also has experience in commercial real estate acquisition and disposition.

Jal S. Shroff served as Managing Director of Fossil (East) Limited from January 1991 until July 2009 and 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 the Chairman of the Company's Audit Committee and a member of the Finance Committee. He serves as Executive Vice President and Chief Financial Officer of The Neiman Marcus Group, Inc. 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.

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., from which he retired in January 2000. Mr. Steinberg has extensive experience in leading a large retail company, and substantial 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 the Chairman of the Company's Nominating and Corporate Governance Committee. Mr. Stone is also currently the Lead Independent Director, having served in that role since May 2007. 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

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

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. 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.

Unless otherwise directed in the proxy, if Proposal 1 is approved, it is the intention of the persons named in the proxy to vote the shares represented by such proxy for the election of the director nominees. Each of the director nominees is presently a director of the Company.

The Board of Directors does not contemplate that any of the above-named director nominees will refuse or be unable to accept election as a director of the Company, or be unable to serve as a director of the Company. Should any of them become unavailable for election or refuse to accept election as a director of the Company, then the persons named in the form of proxy intend to vote the shares represented in such proxy for the election of such other person or persons as may be designated by the Board of Directors.

The following director with a term expiring at the Annual Meeting is not standing for re-election:

Tom Kartsotis has served as Chairman of the Board since December 1991. Mr. Tom Kartsotis founded the Company in 1984 and served as its President until December 1991 and as Chief Executive Officer until October 2000. He has been a director of the Company since 1984.

Mr. Tom Kartsotis and Mr. Kosta N. Kartsotis are brothers. There are no other family relationships among any of the director nominees or executive officers of the Company.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH DIRECTOR NOMINEE ABOVE FOR THE BOARD OF DIRECTORS IF PROPOSAL 1 IS APPROVED.

ELECTION OF DIRECTORS IF PROPOSAL 1 IS NOT APPROVED (Proposal 3)

If Proposal 1 is not approved, as described above, the Board will remain classified into three classes with the term of one class of directors expiring each year. The terms of four directors, Ms. Agather and Messrs. Tom Kartsotis, Shroff and Stone, will expire at the Annual Meeting. As described above, Mr. Tom Kartsotis is not seeking re-election. Therefore, if Proposal 1 is not approved, Ms. Agather and Messrs. Shroff and Stone have been nominated for election as directors by the Board of Directors to serve for a term of office to expire at the Annual Meeting of Stockholders in 2013, with each to hold office until his or her successor has been duly elected and qualified. Stockholders will be unable to vote for more than three persons. 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." Information about Ms. Agather and Messrs. Shroff and Stone is set forth under "Election of Directors if Proposal 1 is Approved (Proposal 2)."

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If Proposal 1 is not approved, the terms of Messrs. Barnes, Boyer and Zimmerman and Ms. Ragusa will expire at the 2011 Annual Meeting of Stockholders and the terms of Messrs. Kosta Kartsotis, Skinner, and Steinberg will expire at the 2012 Annual Meeting of Stockholders.

Unless otherwise directed in the proxy, if Proposal 1 is not approved, it is the intention of the persons named in the proxy to vote the shares represented by such proxy for the election of the director nominees above. Each of the director nominees is presently a director of the Company.

The Board of Directors does not contemplate that any of the above-named director nominees will refuse or be unable to accept election as a director of the Company, or be unable to serve as a director of the Company. Should any of them become unavailable for election or refuse to accept election as a director of the Company, then the persons named in the form of proxy intend to vote the shares represented in such proxy for the election of such other person or persons as may be designated by the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH DIRECTOR NOMINEE ABOVE FOR THE BOARD OF DIRECTORS IF PROPOSAL 1 IS NOT APPROVED.

Board Committees and Meetings

The Board of Directors held four meetings during the fiscal year ended January 2, 2010. During 2009, 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 of Stockholders. All of the then current members of the Board of Directors attended the Company's 2009 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. Ms. Agather and Messrs. Boyer and Skinner (Chairman) serve on the Audit Committee; Ms. Agather (Chairperson) and Ms. Ragusa and Mr. Steinberg serve on the Compensation Committee; Messrs. Boyer (Chairman), Skinner and Zimmerman serve on the Finance Committee and Ms. Ragusa and Messrs. Steinberg, Stone (Chairman) and Zimmerman serve on the Nominating and Corporate Governance Committee.

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

appoint the Company's independent registered public accounting firm;

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

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

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 controls 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. The Audit Committee held a total of twelve meetings during the fiscal year ended January 2, 2010.

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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. The Audit Committee operates under a formal charter adopted by the Board of Directors that governs its duties and conduct. Copies of the charter 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.

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 the Company's compensation programs, including stock and benefit plans and to administer the 2004 Long-Term Incentive Plan (the "2004 Incentive Plan"), which terminated on May 21, 2008, the 2008 Long-Term Incentive Plan (the "2008 Incentive Plan") and the 2002 Restricted Stock Plan (the "Restricted Stock Plan"), which was terminated on August 29, 2007.

The Compensation Committee held five meetings during the fiscal year ended January 2, 2010. 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 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee operates under a formal charter adopted by the Board of Directors that governs its duties and conduct. Copies of the Compensation Committee Charter 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.

Finance Committee. In April 2009, the Board of Directors established the 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.

The specific responsibilities and functions of the Finance Committee are set forth in the Finance Committee Charter. Copies of the charter 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 Finance Committee held three meetings during the fiscal year ended January 2, 2010. All members of the Finance Committee have been determined to meet the appropriate Nasdaq standards for independence. See "Director Independence."

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;

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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.

The specific responsibilities and functions of the Nominating and Corporate Governance Committee are set forth in the Nominating and Corporate Governance Committee Charter. Copies of the charter 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 Nominating and Corporate Governance Committee held four meetings during the fiscal year ended January 2, 2010. All members of the Nominating and Corporate Governance Committee have been determined to meet the appropriate 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 January 2, 2010, which includes the consolidated balance sheets of the Company as of January 2, 2010 and January 3, 2009, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 2, 2010, 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 January 2, 2010.

AUDIT COMMITTEE

Jeffrey N. Boyer

Elaine Agather

James E. Skinner, Chairman

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 Nasdaq are comprised, in part, of those objective standards set forth in the Nasdaq Marketplace Rules, which include the following bright line rules: (a) a director who is or was 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 an executive officer of the Company, would not be independent for a period of three years after termination of such relationship; (b) a director who receives, or whose immediate family member receives, from the Company compensation of more than \$120,000 within the three years preceding the determination of independence, except for certain permitted payments, would not be independent; (c) 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; (d) 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 (e) 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, 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, 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

Currently, Mr. Kosta N. Kartsotis serves as our Chief Executive Officer and a director and Mr. Tom Kartsotis serves as our Chairman of the Board. Separating the positions of Chief Executive Officer and Chairman of the Board allows our Chief Executive Officer to focus on the day-to-day leadership and performance of the Company, while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and oversight of management.

The Board does not have a policy as to whether the Chairman of the Board should be a non-management director or a member of management. Instead, the Company's Corporate Governance Guidelines allow the Board the flexibility to select the best director to serve as Chairman of the Board at any given time, regardless of whether that director is an independent director or the Chief Executive Officer.

The Board determined that Mr. Tom Kartsotis' role as a non-management Chairman of the Board was appropriate given his longstanding leadership of the Company as its founder and former President and Chief Executive Officer, while Mr. Kosta N. Kartsotis' role as Chief Executive Officer was appropriate for day-to-day operations of the Company. The Board believes that consistency between day-to-day operations of the Company and the overall management is reached through Mr. Kosta N. Kartsotis' service as the Chief Executive Officer and a director.

However, no single leadership model is right for all companies. The Board recognizes that depending upon the circumstances other leadership structures, such as combining the positions of Chairman of the Board and Chief Executive Officer, might be appropriate.

In order to give a significant voice to our non-management directors, our Corporate Governance Guidelines provide that the non-management directors of the Company meet regularly in executive session. In addition, the Company's independent directors held four formal meetings without management during fiscal 2009. Mr. Donald J. Stone acted as Chairman at the meetings of the independent directors.

The independent members of our Board selected Mr. Stone to serve as Lead Independent Director for a term to expire in May 2010. 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 Chairman of the Board regarding information to be sent to the Board, meeting agendas and establishing meeting schedules.

The Board believes the current leadership structure is effective and appropriate, allows for a separation of the executive powers, provides an experienced person with whom the Chief Executive Officer can discuss issues facing the Company, and gives a significant voice to non-management directors. However, the Board will review its leadership structure in light of Mr. Tom Kartsotis' decision to step down from the Board at the Annual Meeting and will determine whether changes to the leadership structure will be in the best interests of the Company and its stockholders going forward.

Director Nomination Policy

The Company has a standing Nominating and Corporate Governance Committee consisting entirely of independent directors. Each director nominee was recommended to the Board by the Nominating and Corporate Governance Committee for selection.

The Nominating and Corporate Governance Committee will consider all proposed nominees for the Board of Directors, including those put forward by stockholders. Stockholder nominations should be addressed to the Nominating and Corporate Governance Committee in care of Randy S. Hyne, Vice President, General Counsel and Secretary, at the address appearing on the first page of this proxy statement, in accordance with the provisions of the Company's Bylaws. The Nominating and Corporate Governance Committee annually reviews with the Board the applicable skills and characteristics required of Board nominees in the context of current Board composition and Company circumstances. In making its recommendations to the Board, the Nominating and Corporate Governance Committee considers all factors it considers appropriate, which may include experience, accomplishments, education, understanding of the business and the industry in which the Company operates, specific skills, general business acumen and the highest personal and professional integrity. Generally, the Nominating and Corporate Governance Committee will first consider current Board members because they meet the criteria listed above and possess an in depth knowledge of the Company, its history, strengths, weaknesses, goals and objectives. This level of knowledge has proven very valuable to the Company. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

The Board and the Nominating and Corporate Governance committee aim to assemble a diverse group of Board members and believe that no single criterion such as gender or minority status is determinative in obtaining diversity on the Board. The Board defines diversity as differences of viewpoint, professional experience, education and skills such as a candidate's range of experience serving on other public company boards, the balance of the business interest and experience of the candidate as compared to the incumbent or other nominated directors, and the need for any particular expertise on the Board or one of its committees.

Codes of Business Conduct and Ethics

The Company has adopted a Code of Conduct and Ethics that applies to directors, officers and other employees of the Company and its subsidiaries. In addition, the Company has adopted a Code of Ethics for Senior Financial Officers, which includes the Company's principal executive officer, principal financial officer, and principal accounting officer. Violations of these codes may be reported to the Audit Committee. Copies of the codes 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 Company intends to post any amendments to, or waivers from, its Code of Conduct and Ethics that apply to its Senior Financial Officers on its web site at www.fossil.com.

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Communication with the Board of Directors

A stockholder who wishes to communicate with the Board of Directors, or specific individual directors, including the non-management direct