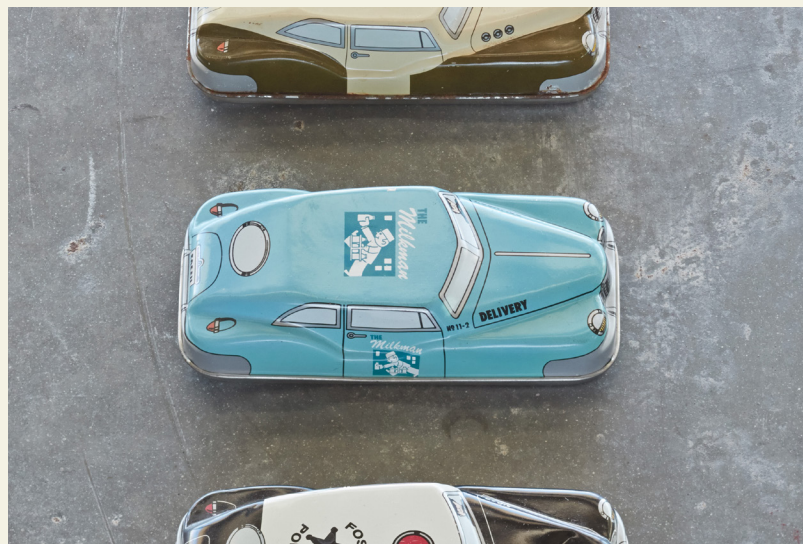


The background of the entire page is a vertical wood-grain texture in a warm, medium-brown color. The grain runs vertically, with subtle variations in tone and texture that give it a natural, organic feel. The text is centered horizontally and vertically on the page.

FOSSIL

GROUP

ANNUAL REPORT 2014



LETTER TO STOCKHOLDERS

DEAR STOCKHOLDERS,

Looking back on 2014, Fossil Group delivered another year of solid sales and earnings per share growth driven by the strength of our diversified business model, our team's disciplined execution of our strategies and our strong financial position.

We accomplished this while continuing to invest in the business to fuel future growth. We also drove efficiencies in our operations that we believe position us to generate solid returns for our shareholders well into the future.

During the year, we drove an 8% increase in sales to \$3.5 billion and we delivered \$7.10 in earnings per share, an 8% increase over 2013.

We begin 2015 intensely focused on taking advantage of the many opportunities available to us to accelerate our sales momentum. We are investing in strategic initiatives to further grow our owned brands and developing new categories, while continuing to optimize our multi-brand portfolio to take advantage of the significant opportunities that exist to expand these brands around the world.

We believe our portfolio of highly desirable brands, our continuous innovation, disciplined execution and considerable white space opportunity by brand, category and geography, have us well positioned to continue our successful growth for many years in the future.

In 2014, we made solid progress on many key objectives that we will build upon in 2015.

FOSSIL

The FOSSIL brand experienced growth across all of our regions. We leveraged our position as a leader in lifestyle brand watches and saw strong growth in the watch category for the brand. Geographically, the brand's strongest gains were in Asia.

Outside of watches, the year included the successful repositioning of our

leathers business. We improved our performance in the category, particularly women's handbags, where we concentrated efforts to add to our design team and bolstered our product offerings to gain broader consumer appeal. Our elevated assortment is resonating with customers, particularly in our retail stores where we offer the entire brand experience, and in improved presentations through shop-in-shops within U.S. department stores.

In jewelry, we spent 2014 repositioning our U.S. distribution and believe we are well positioned to capitalize on the synergies that jewelry shares with watches.

Unlocking the value of the FOSSIL brand is a key priority for us as we believe considerable growth lies ahead for this powerful brand. To achieve this objective, we turned our attention towards brand awareness and demand creation activities that can yield dividends for the brand in the future. We increased investments in our customer relationship management capabilities to allow us to deepen our connection with our customers and add more consumers to our fold.

SKAGEN

We made solid progress advancing SKAGEN during the year as evidenced by a strong double digit top-line increase, with all product categories posting strong gains. In addition to increases in watches, we saw solid growth in jewelry, successfully launched handbags and opened two new high-profile store locations in Frankfurt and New York. These stores, along with our remodeled stores in London, allow us to showcase the full array of SKAGEN products in

an environment that reflects the differentiated and unique aesthetic of the brand. Additionally, we enhanced our customers' digital experience through the launch of a redesigned SKAGEN website, which includes improved functionality for the customer and incorporates rich brand content designed to bring greater awareness to the brand.

PORTFOLIO

In our multi-brand portfolio, we continued to leverage our competitive strengths in branding, design, sourcing and distribution to gain increased market share in the growing watch industry. Our multi-brand watch portfolio grew 9% for the year with the strongest gains internationally. We advanced our Swiss watch initiative with introductions of Emporio Armani Swiss Made and our Tory Burch watch collection. The Swiss opportunity represents one of the important white space opportunities we see available for fashion lifestyle brands. Given our sourcing and production capabilities, we are well positioned to take advantage of this long-term opportunity with our licensed brands, as well as the continued execution of FOSSIL Swiss Made.

The strength of our capabilities was further demonstrated through our renewal of two of our longstanding licenses, Emporio Armani and Michael Kors, each for ten years. These renewals clearly solidify our position as the natural partner for the best global fashion brands. Following our successful launch of the Tory Burch collection in 2014, we look forward to leveraging our competitive strengths



to assist Kate Spade & Company in growing their watch business under the kate spade new york label and expanding their brand around the globe in 2015.

CONNECTED ACCESSORIES

We advanced our position in wearable technology as well, another white space opportunity for fashion lifestyle brands, announcing two very important partnerships with Google and Intel. We are partnering with the best in technology, leveraging their knowledge and expertise to develop fashionable connected accessories for our portfolio of desirable lifestyle brands. We believe our expertise in design and creativity coupled with our partners' expertise in technology and innovation will enable us to introduce wearable technology in a fashionable and scalable way. As we look forward to introducing our first connected accessories in 2015, we are working towards a larger objective of leveraging our strengths and leadership position in fashion lifestyle watches to the point where fashion, design and technology converge.

INTERNATIONAL MARKETS

We leveraged our diversified business model, broad operational capabilities and significant strategic advantages to deliver growth in all three regions in 2014. In our international markets, as lifestyle brands take share from traditional watch brands, our goal is to replicate the success that we have experienced in the United States.

Outside North America, we saw balanced growth in Europe and Asia. As the world becomes increasingly globally branded, our watch portfolio continues to be a powerful tool to gain share in the growing global watch market. As an innovative category leader with a world-class supply chain and a global distribution network of more than 30,000 doors, we are uniquely positioned to work with the best lifestyle brands around the world.

LOOKING FORWARD

Our goal as a company is to build a world-class entity of excellence where creativity and entrepreneurship are carefully balanced with operational discipline to enable us to deliver solid returns for our shareholders in the near and long term. As a company, we are focused on using all of our resources to drive shareholder value.

We are also committed to leveraging our strong financial position. In 2014, we invested \$435 million to repurchase 4.1 million shares of common stock. This is an important program for our shareholders, and we're fully committed to it, operating with a share base that is more than 25% lower than it was just three years ago.

We would like to thank all of our associates for their inspired contributions in 2014 as well as our partners and investors for their continued support. As we reflect on the past year, we are pleased with our results, but excited about our ability to improve on the company's performance. As we move ahead to

2015, our priorities will be very focused on the most important initiatives to drive growth. We will invest to ignite our owned brands—FOSSIL and SKAGEN—to increase brand awareness, increase demand and accelerate their growth. We will invest in our digital capabilities to improve the customer experience online and increase our omni-channel capabilities, and we will leverage our new partnerships to advance our position in the wearable technology space.

We are well positioned as a leader in a growing industry with a strong global footprint and significant competitive advantages. Our diversification gives us access to multiple sources of growth and supports our goal of predictable earnings and cash flows. The leverage we believe our operating model can generate, along with our strong financial position, give us access to the fuel that we need to drive our business and to deliver solid returns for shareholders.

We look forward to building on our success in 2015 and thank you for your support.

Sincerely,

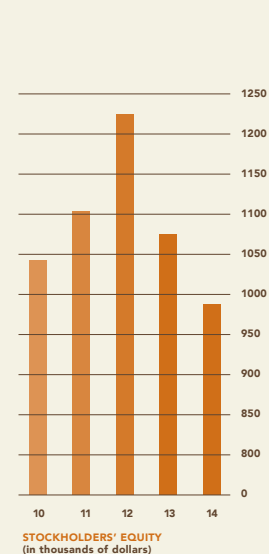
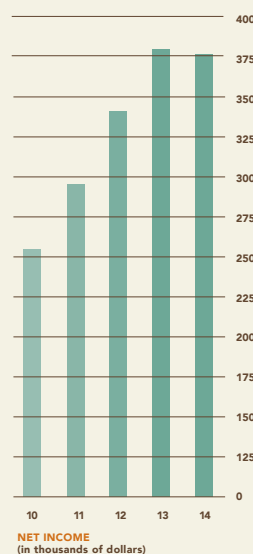
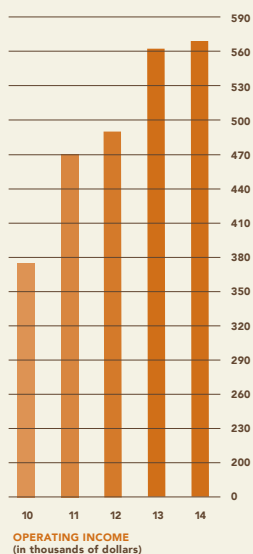
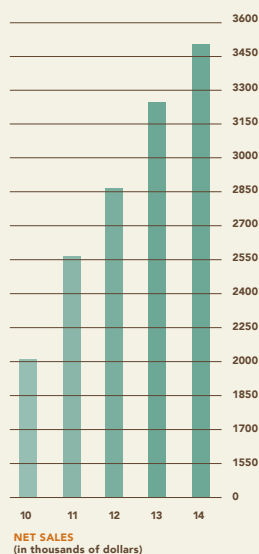


KOSTA N. KARTSOTIS
Chairman and Chief Executive Officer

FINANCIAL HIGHLIGHTS

FISCAL YEAR (in thousands, except per share data)	2014	2013	2012	2011	2010
Net sales (\$)	3,509,691	3,259,971	2,857,508	2,567,302	2,030,690
Gross profit (\$)	2,001,172	1,861,686	1,606,543	1,439,186	1,155,164
Operating income (\$)	566,536	561,596	488,840	471,991	376,414
Net income attributable to Fossil Group, Inc. (\$)	376,707	378,152	343,401	294,702	255,205
Earnings per share:					
Basic (\$)	7.12	6.59	5.63	4.66	3.83
Diluted (\$)	7.10	6.56	5.59	4.61	3.77
Weighted average common shares and common equivalent shares outstanding:					
Basic	52,882	57,401	60,959	63,298	66,701
Diluted	53,080	57,676	61,400	63,965	67,687
Working capital	1,043,025	987,556	737,334	844,124	801,329
Total assets (\$)	2,207,552	2,230,414	1,841,989	1,642,922	1,467,573
Total long-term liabilities (\$)	776,922	663,141	194,747	134,798	76,377
Stockholders' equity attributable to Fossil Group, Inc. (\$)	977,860	1,068,677	1,233,535	1,105,929	1,044,118
Return on average stockholders' equity attributable to Fossil Group, Inc. ¹	37.5%	33.1%	29.9%	28.0%	25.0%

| 1 | Calculated by dividing net income attributable to Fossil Group, Inc. by five quarter average stockholders' equity attributable to Fossil Group, Inc.



CORPORATE INFORMATION

EXECUTIVE OFFICERS & DIRECTORS

Kosta N. Kartsotis
Chairman of the Board
and Chief Executive Officer

Darren E. Hart
Executive Vice President, HR

Jennifer Pritchard
President,
Skagen Brand

Dennis R. Secor
Executive Vice President,
Chief Financial Officer
and Treasurer

John A. White
Executive Vice President
and Chief Operating Officer

Elaine B. Agather
Director

Jeffrey N. Boyer
Director

William B. Chiasson
Director

Diane L. Neal
Director

Thomas M. Nealon
Director

Mark D. Quick
Director

Elysia Holt Ragusa
Director

Jal S. Shroff
Director

James E. Skinner
Director

James M. Zimmerman
Director

OUR WEBSITE

The company maintains a website at www.fossilgroup.com. Certain event and investor relations information concerning the company are available at the site.

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Wednesday, May 20, 2015, at 9:00am CDT at the company's headquarters, 901 S. Central Expressway, Richardson, Texas 75080.

COMPANY INFORMATION

A copy of the company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and the Annual Report to Stockholders, in addition to other company information, is available to stockholders without charge upon written request to Fossil Group, Investor Relations, 901 S. Central Expressway, Richardson, Texas 75080-7302, or online at www.fossilgroup.com.

CORPORATE INFORMATION

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2200 Ross Avenue
Dallas, Texas 75201

Corporate Counsel

Akin Gump Strauss
Hauer & Feld LLP
1700 Pacific Avenue | Suite 4100
Dallas, Texas 75201

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EMPORIO  **ARMANI**

MICHAEL KORS


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