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Fossil Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instruction) Your first call comes from Neely Tamminga – Piper Jaffray.

Neely Tamminga – Piper Jaffray

Can you talk a little bigger picture here? You talk about some of these projects which is obviously very understandable considering the overall environment, but I'm just wondering how that move might influence your five year plan, and maybe if you could just remind us, implied in the guidance for this year X currency, where are you going to size up on that broader five year plan in terms of goals achieved.

Michael Barnes

Basically we still believe in our five-year plan. Obviously we're going to make adjustments along the way. Five years is a pretty long time frame and we're all obviously very hopeful that the economic situation that everybody is in today will improve at some point. We still believe in our five-year plan. We think its executable. The timing may shift a little bit here, a little bit there.

There's a lot of projects in the works. Some of them, some very important ones as a matter of fact will continue to go forward because they're integral to our five year plan of increasing our business, growing our international businesses, growing our retail businesses. So we do have a lot of very important projects that will go forward. Other ones that can be put on hold for the time being, will be.

Think of this as making it unable to meet our five-year objectives, I think that at this point in time, we feel pretty good about where we're going. We're just going to take it one-step at a time and do the most important projects first whereas in a different environment, we might have been able to do more things in parallel and move the needle a little bit quicker.

Kosta Kartsothis

When we laid out the five-year plan back in September of last year during the analyst meeting, we did indicate that that plan was based upon a much lower Euro to U.S. dollar comparison. In fact, I think we called out at that five-year plan was based on a 1.25 rate. So at this point in time the five-year plan extrapolated over the next five years for currency purposes hasn't really been impacted.

Neely Tamminga – Piper Jaffray

You have a wide range of consensus estimates on a shrinking group of analysts. I'm just wondering if directionally you could speak to some of the streets' numbers in the first half of next year, beyond

the commentary you put in the press release about the overall retail mix shift in Q1, Q2 next year relative to Q3, Q4. It would seem to me that considering that mix shift as well as the implication of a strengthening dollar would actually assume that your guidance for the first half would come in lower than the streets collective \$0.64. Is that a fair general directional assumption?

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