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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
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FORM 10-Q  
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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the Quarterly Period Ended October 31, 2004

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-16497

MOVADO GROUP, INC.  
(Exact Name of Registrant as Specified in its Charter)

New York  
(State or Other Jurisdiction  
of Incorporation or Organization)

13-2595932  
(IRS Employer  
Identification No.)

650 From Road, Paramus, New Jersey  
(Address of Principal Executive Offices)

07652  
(Zip Code)

(201) 267-8000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for that past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as  
defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's common stock and class  
A common stock as of November 30, 2004 were 17,960,940 and 6,801,812,  
respectively.

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MOVADO GROUP, INC.

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October 31, 2004

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PART I - FINANCIAL INFORMATION  
ITEM 1. Financial Statements

MOVADO GROUP, INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except share amounts)  
(Unaudited)

	October 31, 2004	January 31, 2004	October 31, 2003
	-----	-----	-----
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 35,870	\$ 82,083	\$ 60,957
Trade receivables, net	137,861	88,800	120,706
Inventories, net	192,811	121,678	123,074
Other	40,359	26,693	20,341
	-----	-----	-----
Total current assets	406,901	319,254	325,078
Property, plant and equipment, net	50,105	42,112	40,744
Other	41,641	29,601	29,052
	-----	-----	-----
Total assets	\$ 498,647	\$ 390,967	\$ 394,874
	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Loans payable to banks	\$ 16,300	\$ -	\$ 22,000
Current portion of long-term debt	5,000	10,000	5,000
Accounts payable	41,928	23,631	22,115
Accrued liabilities	47,180	25,781	31,084
Current taxes payable	14,830	12,150	12,680
Deferred taxes payable	6,081	5,961	5,188
	-----	-----	-----
Total current liabilities	131,319	77,523	98,067
Long-term debt	45,000	25,000	30,000
Deferred and non-current income taxes	3,291	2,282	2,406
Other liabilities	12,826	11,449	10,518
	-----	-----	-----
Total liabilities	192,436	116,254	140,991
	-----	-----	-----
Shareholders' equity:			
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized; no shares issued	-	-	-
Common Stock, \$0.01 par value, 100,000,000 shares authorized; 22,031,474, 21,723,262 and 20,856,616 shares issued and outstanding, respectively	220	217	209
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized; 6,803,161, 6,801,812 and 6,801,812 shares issued and outstanding, respectively	68	68	68
Capital in excess of par value	92,754	89,349	77,499
Retained earnings	208,771	192,601	187,164
Accumulated other comprehensive income	46,836	34,473	21,113
Treasury Stock, 4,092,588, 4,081,182 and 3,453,262 shares, respectively, at cost	(42,438)	(41,995)	(32,170)
	-----	-----	-----
Total shareholders' equity	306,211	274,713	253,883
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 498,647	\$ 390,967	\$ 394,874
	=====	=====	=====

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2004	2003	2004	2003
	-----	-----	-----	-----
Net sales	\$127,023	\$100,767	\$298,998	\$237,482
Cost of sales	49,882	39,428	120,494	92,464
	-----	-----	-----	-----
Gross profit	77,141	61,339	178,504	145,018
Selling, general and administrative	61,157	46,584	152,065	119,478
	-----	-----	-----	-----
Operating income	15,984	14,755	26,439	25,540
Income from litigation settlement, net	-	-	1,444	-
Net interest expense	872	764	2,380	2,372
Income before income taxes	15,112	13,991	25,503	23,168
Provision for income taxes	3,778	3,917	6,376	6,487
	-----	-----	-----	-----
Net income	\$ 11,334	\$ 10,074	\$ 19,127	\$ 16,681
	=====	=====	=====	=====
Earnings per share:				
Basic	\$ 0.46	\$ 0.42	\$ 0.78	\$ 0.69
	=====	=====	=====	=====
Diluted	\$ 0.44	\$ 0.40	\$ 0.75	\$ 0.67
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic	24,756	24,193	24,646	24,030
	=====	=====	=====	=====
Diluted	25,621	25,257	25,497	25,007
	=====	=====	=====	=====

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Nine Months Ended October 31,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 19,127	\$ 16,681
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Depreciation and amortization	8,601	7,074
Deferred income taxes	-	175
Provision for losses on accounts receivable	723	1,129
Provision for losses on inventory	215	500
Changes in assets and liabilities:		
Trade receivables	(37,760)	(26,509)
Inventories	(30,242)	(10,490)
Other current assets	(3,031)	11,712
Accounts payable	14,130	(817)
Accrued liabilities	9,157	8,551
Current taxes payable	2,630	1,224
Other non-current assets	(1,402)	(543)
Other non-current liabilities	(31)	2,576
Net cash (used in)/provided by operating activities	(17,883)	11,263
Cash flows from investing activities:		
Capital expenditures	(10,906)	(7,295)
Investment in Ebel	(43,525)	-
Trademarks	(321)	(536)
Net cash used in investing activities	(54,752)	(7,831)
Cash flows from financing activities:		
Net proceeds from bank borrowings	26,113	22,000
Stock options exercised & other	2,963	1,064
Dividends paid	(2,957)	(1,804)
Net cash provided by financing activities	26,119	21,260
Effect of exchange rate changes on cash and cash equivalents	303	(2,100)
Net (decrease) increase in cash and cash equivalents	(46,213)	22,592
Cash and cash equivalents at beginning of period	82,083	38,365
Cash and cash equivalents at end of period	\$ 35,870	\$ 60,957
Supplemental Disclosure:		
Fair value of assets acquired	\$ 71,629	
Less: liabilities assumed	(26,603)	
Cash paid for the transaction	45,026	
Less: cash acquired	(1,340)	
Less: accrued deal costs	(161)	
Net cash paid for transaction	\$ 43,525	

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by Movado Group, Inc. (the "Company") in a manner consistent with that used in the preparation of the financial statements included in the Company's fiscal 2004 Annual Report filed on Form 10-K. In the opinion of management, the accompanying financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the periods presented. These consolidated financial statements should be read in conjunction with the aforementioned annual report. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

NOTE 1 - RECLASSIFICATION

Certain reclassifications were made to prior years' financial statement amounts and related note disclosures to conform to the fiscal 2005 presentation.

NOTE 2 - ACQUISITION

On December 22, 2003, the Company entered into an agreement to acquire Ebel S.A. and the worldwide business related to the Ebel brand (collectively "Ebel") from LVMH Moet Hennessy Louis Vuitton ("LVMH"). On March 1, 2004, the Company completed the acquisition of Ebel with the exception of the payment for the acquired Ebel business in Germany, which was completed July 30, 2004. The Ebel brand, one of the world's premier luxury watch brands, was established in La Chaux-de-Fonds, Switzerland in 1911. The Company acquired Ebel to revitalize and re-build the brand and to expand its global market share.

Under the terms of the agreement, the Company acquired all of the outstanding common stock of Ebel S.A. and the related worldwide businesses in exchange for:

- 51.6 million Swiss francs in cash; and
- the assumption of a short-term mortgage payable of 6.6 million Swiss francs.

Under the purchase method of accounting, the Company recorded an aggregate purchase price of approximately \$45.0 million, which consisted of approximately \$40.6 million in cash and \$4.4 million in deal costs and other incurred liabilities, which primarily consisted of legal, accounting, investment banking and financial advisory services fees.

In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations," ("SFAS 141"), the Company allocated the purchase price to the tangible assets, intangible assets, and liabilities acquired based on their estimated fair values. The fair value assigned to tangible and intangible assets acquired was based on an independent appraisal. The fair value of assets acquired and liabilities assumed exceeds the purchase price. That excess has been allocated as a pro rata reduction of the amounts that otherwise would have been assigned to all of the acquired assets except for certain specific types of assets as set forth in SFAS 141. The pro forma adjustments were based upon an independent assessment of appraised values. The assessment is now complete. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill and purchased intangibles with indefinite lives are not amortized but will be reviewed annually for impairment. Purchased intangibles with finite lives are amortized on a straight-line basis over their respective estimated useful lives.

In accordance with Emerging Issues Task Force No. 95-3 ("EITF 95-3"), "Recognition of Liabilities in Connection with a Purchase Business Combination", the Company recognized costs associated with exiting an activity of an acquired company and involuntary termination of employees of an acquired company as liabilities assumed in a purchase business combination and included the liabilities in the allocation of the acquisition cost. The liability recognized in connection with the acquisition of Ebel was comprised of approximately \$2.4 million for employee severance, \$0.2 million for lease terminations, \$1.7 million for exit costs related to certain promotional and purchase contracts and \$0.4 million of other liabilities. For the nine months ended October 31, 2004, payments against employee severance, exit costs and other liabilities amounted to \$1.1 million, \$1.0 million and \$0.3 million, respectively. The employee severance, and the payments against employee severance, are entirely related to the Ebel business in Europe. The Company expects these liabilities to be paid out by April 30, 2005. There are no further adjustments related to the abovementioned accruals.

As part of the acquisition, the Company recorded deferred tax assets resulting from Ebel's net operating loss carry forwards amounting to approximately 181.0 million Swiss francs. The Company established a full valuation allowance on the deferred tax assets. However, if the deferred tax assets are subsequently recognized, the recognition of the tax benefit will be applied to reduce the carrying value of acquired intangible assets to zero, prior to being recognized as a reduction of income tax expense. The total purchase price has been allocated as follows (in thousands):

Cash	\$ 1,340
Accounts receivable	16,369
Property, plant and equipment	4,556
Inventories	35,834
Intangible assets	9,129
Other current assets	4,401
	-----
Total assets acquired	71,629
Current liabilities	16,149
Short-term commitments and contingencies	5,269
Mortgage payable	5,185
	-----
Total purchase price	\$45,026
	=====

In allocating the purchase price, the Company considered, among other factors, its intention for future use of the acquired assets, analyses of historical financial performance and estimates of future performance of Ebel's products. Included in the other current assets are certain assets held for sale which currently approximate \$1.5 million and are expected to be disposed of within the next 12 months.

The fair value of intangible assets was primarily based on the income approach and cost approach. The discount rates used were 16% for customer lists and 21% for trade names and trademarks. These discount rates were determined after consideration of the industry's cost of capital which is equal to the weighted average, after-tax cost of equity and debt. The identifiable intangible assets purchased in the Ebel acquisition consisted of the following (in thousands):

Identifiable Intangible Assets -----	Gross Value -----	Useful Life -----
Trade names and trademarks	\$8,343	Indefinite
Customer list	786	5 years
	-----	
Total	\$9,129 =====	

Amortization expense for the next four years and thereafter for intangibles with finite lives is as follows (in thousands):

For the Year Ended -----	Estimated Amortization Expense -----
January 31, 2005	\$144
January 31, 2006	157
January 31, 2007	157
January 31, 2008 and thereafter	328
	-----
	\$786 =====

#### Pro Forma Financial Information

The unaudited financial information in the table below summarizes the combined results of operations of the Company and Ebel, on a pro forma basis, as though the acquisition had been completed as of the beginning of each period presented. This pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place at the beginning of each nine month and three month period presented. The unaudited pro forma condensed combined statements of income for the nine months and three months ended October 31, 2004 combines the historical results for the Company for the nine months and three months ended October 31, 2004 and the historical results for Ebel for the period preceding the acquisition of February 1 through February 29, 2004. The unaudited pro forma condensed combined statements of income for the nine months and three months ended October 31, 2003 combines the historical results for the Company for the nine months and three months ended October 31, 2003, and the historical results for Ebel for the nine months and three months ended October 31, 2003. The following amounts are in thousands, except per share amounts:

	Nine Months Ended October 31, -----		Three Months Ended October 31, -----	
	2004 ----	2003 ----	2004 ----	2003 ----
Revenues	\$ 300,367	\$ 286,267	\$ 127,023	\$ 119,310
Net income	\$ 17,052	\$ 9,229	\$ 11,334	\$ 9,193
Basic income per share	\$ 0.69	\$ 0.38	\$ 0.46	\$ 0.38
Diluted income per share	\$ 0.67	\$ 0.37	\$ 0.44	\$ 0.36



NOTE 3 - STOCK OPTION PLAN

The Company applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for its stock option plans. No compensation cost has been recognized for any stock options granted under the Company's stock option plans because the quoted market price of the Common Stock at the grant date was not in excess of the amount an employee must pay to acquire the Common Stock. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," issued by the Financial Accounting Standards Board ("FASB"), prescribes a method to record compensation cost for stock-based employee compensation plans at fair value. The Company utilizes the Black-Scholes option-pricing model for determining the fair value of the stock-based compensation. Pro forma disclosures as if the Company had adopted the recognition requirements under SFAS No. 123 for the nine months and three months ended October 31, 2004 and 2003, respectively, are presented below.

	Nine Months Ended October 31,		Three Months Ended October 31,	
	2004	2003	2004	2003
(In thousands, except per share data)				
Net income as reported:	\$ 19,127	\$ 16,681	\$ 11,334	\$ 10,074
Fair value based compensation expense, net of taxes	3,015	2,706	210	1,167
Pro forma net income	\$ 16,112	\$ 13,975	\$ 11,124	\$ 8,907
	=====	=====	=====	=====
Basic earnings per share:				
As reported	\$ 0.78	\$ 0.69	\$ 0.46	\$ 0.42
Pro forma under SFAS No. 123	\$ 0.65	\$ 0.58	\$ 0.45	\$ 0.37
Diluted earnings per share:				
As reported	\$ 0.75	\$ 0.67	\$ 0.44	\$ 0.40
Pro forma under SFAS No. 123	\$ 0.63	\$ 0.56	\$ 0.43	\$ 0.35

NOTE 4 - COMPREHENSIVE INCOME

The components of comprehensive income for the nine months and three months ended October 31, 2004 and 2003 are as follows (in thousands):

	Nine Months Ended October 31,		Three Months Ended October 31,	
	2004	2003	2004	2003
Net income	\$ 19,127	\$ 16,681	\$ 11,334	\$ 10,074
Net unrealized gain on investments, net of tax	46	202	26	56
Effective portion of unrealized gain / (loss) on hedging contracts, net of tax	907	(2,722)	3,181	(726)
Foreign currency translation adjustment	11,410	4,247	13,981	4,817
Total comprehensive income	\$ 31,490	\$ 18,408	\$ 28,522	\$ 14,221
	=====	=====	=====	=====

NOTE 5 - SEGMENT INFORMATION

The Company conducts its business primarily in two operating segments: Wholesale and Retail. The Company's Wholesale segment includes the designing, manufacturing and distribution of quality watches. The Retail segment includes the Movado Boutiques and outlet stores.

The Company divides its business into two major geographic segments: Domestic, which includes the results of the Company's North American, Caribbean and Tommy Hilfiger South American operations, and International, which includes the results of all other Company operations. The Company's International operations are principally conducted in Europe, the Middle East and Asia. The Company's International assets are substantially located in Europe.

Operating Segment Data for the Nine Months Ended October 31, 2004 and 2003 (in thousands):

	Net Sales		Operating Income (Loss)	
	2004	2003	2004	2003
Wholesale	\$252,418	\$200,026	\$ 30,811	\$ 28,026
Retail	46,580	37,456	(4,372)	(2,486)
Consolidated total	\$298,998	\$237,482	\$ 26,439	\$ 25,540

Operating Segment Data for the Three Months Ended October 31, 2004 and 2003 (In thousands):

	Net Sales		Operating Income (Loss)	
	2004	2003	2004	2003
Wholesale	\$110,818	\$ 87,877	\$ 18,096	\$ 15,799
Retail	16,205	12,890	(2,112)	(1,044)
Consolidated total	\$127,023	\$100,767	\$ 15,984	\$ 14,755

Geographic Segment Data for the Nine Months Ended October 31, 2004 and 2003 (In thousands):

	Net Sales		Operating Income	
	2004	2003	2004	2003
Domestic	\$235,697	\$206,657	\$ 11,962	\$ 7,150
International	63,301	30,825	14,477	18,390
Consolidated total	\$298,998	\$237,482	\$ 26,439	\$ 25,540

Geographic Segment Data for the Three Months Ended October 31, 2004 and 2003 (In thousands):

	Net Sales		Operating Income	
	2004	2003	2004	2003
Domestic	\$ 99,211	\$ 87,558	\$ 6,861	\$ 5,703
International	27,812	13,209	9,123	9,052

Consolidated total	\$127,023	\$100,767	\$ 15,984	\$ 14,755
	=====	=====	=====	=====

Domestic and International net sales are net of intercompany sales of \$186.3 million and \$156.0 million for the nine months ended October 31, 2004 and October 31, 2003, respectively.

Domestic and International net sales are net of intercompany sales of \$70.4 million and \$61.2 million for the three months ended October 31, 2004 and October 31, 2003, respectively.

	Total Assets		
	----- October 31, 2004 -----	----- January 31, 2004 -----	----- October 31, 2003 -----
Domestic	\$183,543	\$128,112	\$150,174
International	315,104	262,855	244,700
	-----	-----	-----
Consolidated total	\$498,647	\$390,967	\$394,874
	=====	=====	=====

#### NOTE 6 - EXECUTIVE RETIREMENT PLAN

The Company has a number of employee benefit plans covering substantially all employees. Certain eligible executives of the Company have elected to defer a portion of their compensation on a pre-tax basis under a defined contribution, supplemental executive retirement plan (SERP) sponsored by the Company. The SERP was adopted effective June 1, 1995, and provides eligible executives with supplemental pension benefits in addition to amounts received under the Company's other retirement plans. The Company makes a matching contribution which vests equally over five years. For the nine months ended October 31, 2004 and 2003, the Company recorded an expense related to the SERP of \$0.4 million for each period. For the three months ended October 31, 2004 and 2003, the Company recorded an expense related to the SERP of \$0.2 million and \$0.1 million, respectively.

NOTE 7 - INVENTORIES

Inventories consist of the following (in thousands):

	October 31, 2004	January 31, 2004	October 31, 2003
	-----	-----	-----
Finished goods	\$ 122,031	\$ 78,490	\$ 81,660
Component parts	118,430	43,335	40,476
Work-in-process	8,462	2,261	4,628
	-----	-----	-----
	248,923	124,086	126,764
Less: inventories reserve	(56,112)	(2,408)	(3,690)
	-----	-----	-----
	\$ 192,811	\$ 121,678	\$ 123,074
	=====	=====	=====

The increase in all inventory categories, including the inventory reserve, as of October 31, 2004, includes the acquired net assets of Ebel.

NOTE 8 - EARNINGS PER SHARE

The Company presents net income per share on a basic and diluted basis. Basic earnings per share is computed using weighted-average shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of shares outstanding adjusted for dilutive common stock equivalents.

The weighted-average number of shares outstanding for basic earnings per share were 24,646,000 and 24,030,000 for the nine months ended October 31, 2004 and 2003, respectively. For diluted earnings per share, these amounts were increased by 851,000 and 977,000 for the nine months ended October 31, 2004 and 2003, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans and restricted stock grants.

The weighted-average number of shares outstanding for basic earnings per share were 24,756,000 and 24,193,000 for the three months ended October 31, 2004 and 2003, respectively. For diluted earnings per share, these amounts were increased by 865,000 and 1,064,000 for the three months ended October 31, 2004 and 2003, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans and restricted stock grants.

NOTE 9 - STOCK DIVIDEND

On June 17, 2004, the Company's shareholders approved an amendment to its articles of incorporation providing for an increase in the authorized shares of common stock and Class A common stock to 100 million shares and 30 million shares, respectively. Subsequently, on June 25, 2004, the Company distributed a stock dividend of one newly issued share of common stock and one newly issued share of Class A common stock for each then outstanding share of common stock and of Class A common stock, respectively, to shareholders of record as of June 11, 2004.

#### NOTE 10 - LITIGATION SETTLEMENT

On July 28, 2004, a settlement was reached in a lawsuit the Company filed against Swiss Army Brands, Inc. and two individuals in November 2001. In the lawsuit, the Company alleged that Swiss Army Brands and the other defendants tortiously interfered with its business by soliciting a number of the Company's sales employees. As a result of the settlement, the Company recorded a pre-tax gain of \$1.4 million in the quarter ended July 31, 2004. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million.

#### NOTE 11 - SENIOR NOTES

The Company entered into a Note Purchase and Private Shelf Agreement, dated as of March 21, 2001 which was subsequently amended as of March 31, 2004 (the "Purchase Agreement"), with Prudential Insurance Company of America ("Prudential") and certain affiliates of Prudential (together with Prudential, the "Purchasers"). The Purchase Agreement permits the Company to issue senior promissory notes for purchase by the Purchasers, in an aggregate principal amount of up to \$40.0 million, until March 21, 2007.

On October 8, 2004, the Company issued, pursuant to the Purchase Agreement, 4.79% Senior Series A-2004 Notes due 2011 (the "Senior Notes"), in an aggregate principal amount of \$20.0 million, which will mature on October 8, 2011. Proceeds of the Senior Notes will be used by the Company for capital expenditures, repayment of certain of its debt obligations and general corporate purposes. The Senior Notes are senior, unsecured obligations and rank equally in right of payment with all of the Company's existing and future unsecured and unsubordinated indebtedness. The Company's payment obligations under the Senior Notes are guaranteed fully and unconditionally by Movado Retail Group, Inc. (successor in interest to SwissAm, Inc.) and Movado LLC, each of which is a subsidiary of Movado Group, Inc.

#### NOTE 12 - RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 151, "Inventory Costs", an amendment of ARB No. 43, Chapter 4 ("SFAS 151"). The amendments made by SFAS 151 will improve financial reporting by clarifying that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, and is not expected to have a significant impact on the Company's consolidated financial position, results of operations or cash flows.

#### NOTE 13 - AMERICAN JOBS CREATION ACT OF 2004

The United States Congress passed the American Jobs Creation Act of 2004 (the "Act"), which the President signed into law on October 22, 2004. Key provisions of the Act include a temporary incentive for U.S. multinational corporations to repatriate foreign earnings, a domestic manufacturing deduction and international tax reforms designed to improve the global competitiveness of U.S. businesses. Accordingly, in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the Company will reflect the effects of the Act, if any, in the period that decisions are made with respect to this Act. The Company is still evaluating the impact of the Act on the Company and accordingly, has not yet determined its impact on the effective tax rate and on the deferred tax assets and liabilities.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

Statements in this quarterly report on Form 10-Q, including, without limitation, statements under this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report, as well as statements in future filings by the Company with the Securities and Exchange Commission ("SEC"), in the Company's press releases and oral statements made by or with the approval of an authorized executive officer of the Company, which are not historical in nature, are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates, forecasts and projections about the Company, its future performance, the industry in which the Company operates and management's assumptions. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," "should" and variations of such words and similar expressions are also intended to identify such forward-looking statements. The Company cautions readers that forward-looking statements include, without limitation, those relating to the Company's future business prospects, projected operating or financial results, revenues, working capital, liquidity, capital needs, plans for future operations, expectations regarding capital expenditures and operating expenses, effective tax rates, margins, interest costs, and income as well as assumptions relating to the foregoing. Forward-looking statements are subject to certain risks and uncertainties, some of which cannot be predicted or quantified. Actual results and future events could differ materially from those indicated in the forward-looking statements, due to several important factors herein identified, among others, and other risks and factors identified from time to time in the Company's reports filed with the SEC including, without limitation, the following: general economic and business conditions which may impact disposable income of consumers in the United States and the other significant markets where the Company's products are sold, general uncertainty related to possible terrorist attacks and the impact on consumer spending, changes in consumer preferences and popularity of particular designs, new product development and introduction, competitive products and pricing, seasonality, availability of alternative sources of supply in the case of the loss of any significant supplier, the loss of significant customers, the Company's dependence on key employees and officers, the ability to successfully integrate the operations of acquired businesses without disruption to other business activities, the continuation of licensing arrangements with third parties, ability to secure and protect trademarks, patents and other intellectual property rights, ability to lease new stores on suitable terms in desired markets and to complete construction on a timely basis, continued availability to the Company of financing and credit on favorable terms, business disruptions, disease, general risks associated with doing business outside the United States including, without limitation, import duties, tariffs, quotas, political and economic stability, and success of hedging strategies with respect to currency exchange rate fluctuations.

### Critical Accounting Policies and Estimates

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill and purchased intangibles with indefinite lives are not amortized but will be reviewed annually for impairment. Purchased intangibles with finite lives are amortized on a straight-line basis over their respective estimated useful lives.

There have been no material changes in the Company's Critical Accounting Policies and Estimates, as disclosed in its Annual Report on Form 10-K for the fiscal year ended January 31, 2004.

Results of operations for the three months ended October 31, 2004 as compared to the three months ended October 31, 2003.

Net Sales: Comparative net sales by business segment were as follows (in thousands):

	Three Months Ended October 31,	
	2004	2003
Wholesale:		
Domestic	\$ 83,006	\$ 74,669
International	27,812	13,207
Retail	16,205	12,891
Net Sales	\$127,023	\$100,767

Net sales increased by \$26.3 million or 26.1% for the three months ended October 31, 2004 as compared to the three months ended October 31, 2003. Sales in the wholesale segment increased 26.1% to \$110.8 million versus \$87.9 million in the prior year. All brands were above prior year with Tommy Hilfiger up over 50% and ESQ up over 20%. Sales in the domestic wholesale business were \$83.0 million or 11.2% above prior year sales of \$74.7 million. Tommy Hilfiger and ESQ experienced a double digit percentage increase from the prior year, and Movado and Concord experienced single digit percentage increases from the prior year. Positive retailer response to new model introductions was a key factor in the brand growth.

Sales in the international wholesale business were \$27.8 million or 110.6% above prior year. Sales increases were recorded in Tommy Hilfiger due to retail growth in existing markets as well as expansions into new markets in Europe and Asia. In Coach, strong sales in Japan and in the duty free business contributed to a 40.5% year over year improvement. Concord and Movado sales were above prior year sales by a double digit percentage increase.

Sales in the retail segment rose 25.7% to \$16.2 million. The increase was driven by a 12.8% comparable store sales increase in the Movado Boutiques. In addition, sales increases were recorded in the Movado Boutiques as a result of the opening of 12 new stores. The outlet business was 10.3% above last year for the quarter.

Gross Profit. The gross profit for the three months ended October 31, 2004 was \$77.1 million or 60.7% of net sales as compared to \$61.3 million or 60.9% of net sales for the three months ended October 31, 2003. The increase in gross profit of \$15.8 million is the result of the higher sales volume. The decrease in the gross profit as a percentage of sales is primarily the result of brand and product mix.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended October 31, 2004 were \$61.2 million or 48.1% of net sales as compared to \$46.6 million or 46.2% of net sales for the three months ended October 31, 2003. The increase reflects planned investments in support of Ebel, investments in support of the global expansion of Tommy Hilfiger, increased costs to support other growth initiatives including the development of the Movado brand in China, increased costs in the retail segment, primarily the result of opening 12 new Movado Boutiques, higher compensation costs and increased fees including costs related to Sarbanes-Oxley certifications.

Interest Expense. Net interest expense for the three months ended October 31, 2004 increased by 14.1% to \$0.9 million as compared to \$0.8 million for the three months ended October 31, 2003. The increase is due to higher average borrowings for the quarter which is attributable to cash required to pay for the all cash acquisition of Ebel in addition to cash required for working capital to support the sales growth. The average debt for the quarter increased 30.0% from prior year to \$63.3 million, reflecting cash required to pay for the all cash acquisition of Ebel in addition to cash required for working capital to fund the sales growth.

Income Taxes. The Company recorded a tax expense of \$3.8 million and \$3.9 million for the three months ended October 31, 2004 and 2003, respectively. Taxes were recorded at a 25.0% and 28.0% rate as of October 31, 2004 and 2003, respectively.

Results of operations for the nine months ended October 31, 2004 as compared to the nine months ended October 31, 2003.

Net Sales: Comparative net sales by business segment were as follows (in thousands):

	Nine Months Ended October 31,	
	2004	2003
Wholesale:		
Domestic	\$189,117	\$169,199
International	63,301	30,827
Retail	46,580	37,456
Net Sales	\$298,998	\$237,482

Net sales increased by \$61.5 million or 25.9% for the nine months ended October 31, 2004 as compared to the nine months ended October 31, 2003. Sales in the wholesale segment increased 26.2% to \$252.4 million versus \$200.0 million in the prior year. With sales of \$189.1 million, the domestic wholesale business was \$19.9 million or 11.8% above prior year sales of \$169.2 million. The increase was driven by higher sales in Tommy Hilfiger as a result of added distribution as well as positive sell through at retail. ESQ experienced a double digit percentage increase from the prior year, Concord and Coach experienced high single digit percentage increases and Movado experienced a low single digit percentage increase.

Sales in the international wholesale business were \$63.3 million or 105.3% above the prior year period. Sales were significantly stronger in Asia which had been negatively impacted by SARS in the prior year and in the Coach Duty Free business. All brands recorded double digit percentage increases with Tommy Hilfiger more than doubling year over year.

For the nine months ended October 31, 2004, sales in the retail segment rose 24.4% to \$46.6 million. The increase was driven by a 16.7% comparable store sales increase in the Movado Boutiques. In addition, sales increases were recorded in the Movado Boutiques as a result of the opening of 12 new stores. Sales in the outlet business increased 7.1% above last year for the comparable nine months.



Gross Profit. Gross profit for the nine months ended October 31, 2004 was \$178.5 million or 59.7% of net sales as compared to \$145.0 million or 61.1% of net sales for the nine months ended October 31, 2003. The increase in gross profit of \$33.5 million is the result of the higher sales volume. The decrease in the gross profit as a percentage of sales is the result of changes in brand and product mix.

Selling, General and Administrative. Selling, general and administrative expenses for the nine months ended October 31, 2004 were \$152.1 million or 50.9% of net sales as compared to \$119.5 million or 50.3% of net sales for the nine months ended October 31, 2003. Increased expenses were a result of planned investments in support of Ebel, investments in support of the global expansion of Tommy Hilfiger, increased costs to support other growth initiatives including the development of the Movado brand in China, increased costs in the retail segment primarily the result of opening 12 new Movado Boutiques, the weak U.S. dollar and the currency translation effect of the Swiss and Canadian costs, higher compensation costs and increased fees including costs related to Sarbanes-Oxley certifications.

Interest Expense. Net interest expense for the nine months ended October 31, 2004 and 2003 was \$2.4 million. The average debt increased 14.1% to \$56.7 million from prior year of \$49.7 million, reflecting the cash required to pay for the all cash acquisition of Ebel in addition to cash required for working capital to fund the volume growth.

Litigation Settlement. The company recognized income for the six months ended July 31, 2004 from a litigation settlement with Swiss Army Brands, Inc. in the net amount of \$1.4 million. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million. After accounting for fees and taxes associated with the settlement, second quarter net income increased by \$0.8 million, or \$0.03 per diluted share.

Income Taxes. The Company recorded a tax expense of \$6.4 million and \$6.5 million for the nine months ended October 31, 2004 and 2003, respectively. Taxes were recorded at a 25.0% and 28.0% rate for October 31, 2004 and 2003, respectively.

#### LIQUIDITY AND FINANCIAL POSITION

Cash used in operating activities amounted to \$17.9 million for the nine months ended October 31, 2004 as compared to cash provided by operating activities amounted to \$11.3 million for the nine months ended October 31, 2003. The increase in the use of cash from the prior year of \$29.2 million is primarily attributed to the impact of the volume growth on accounts receivable, the net effect of higher inventory purchases and the related accounts payable and the net effect of the cash used in the Company's hedging activities. This was partially offset by the favorable effect of the higher net income and related expense accruals.

Cash used in investing activities amounted to \$54.8 million and \$7.8 million for the nine months ended October 31, 2004 and 2003, respectively, and was primarily due to the Ebel acquisition and capital expenditures. For the nine months ended October 31, 2004, cash was used for the all cash acquisition of Ebel as well as for capital expenditures primarily for the build out of the new retail stores as well as remodeling existing stores and the expansion of office space in the Corporate Headquarters in Paramus, New Jersey. Cash used for the nine months ended October 31, 2003 was for capital expenditures primarily for the build out of new retail stores as well as normal ongoing systems hardware and software investments.

Cash provided by financing activities amounted to \$26.1 million and \$21.3 million for the nine months ended October 31, 2004 and 2003, respectively, and was the result of seasonal short-term bank borrowings in each period.

At October 31, 2004, the Company had three series of Senior Notes outstanding. Senior Notes due January 31, 2005, with a remaining principal amount due of \$5.0 million, were originally issued in a private placement completed in fiscal 1994. These notes have required annual principal payments of \$5.0 million since January 1998 and bear interest of 6.56% per annum. During fiscal 1999, the Company issued \$25.0 million of Series A Senior Notes under a Note Purchase and Private Shelf Agreement dated November 30, 1998. These notes bear interest of 6.90% per annum, mature on October 30, 2010 and are subject to annual repayments of \$5.0 million commencing October 31, 2006.

As of March 21, 2004, the Company amended its Note Purchase and Private Shelf Agreement, originally dated March 21, 2001, to expire on March 21, 2007. This agreement allows for the issuance, for up to three years after the date thereof, of senior promissory notes in the aggregate principal amount of up to \$40.0 million with maturities up to 12 years from their original date of issuance. On October 8, 2004, the Company issued, pursuant to the Purchase Agreement, 4.79% Senior Series A-2004 Notes due 2011 (the "Senior Notes"), in an aggregate principal amount of \$20.0 million, which will mature on October 8, 2011. Proceeds of the Senior Notes will be used by the Company for capital expenditures, repayment of certain of its debt obligations and general corporate purposes. As of October 31, 2004, \$20.0 million was issued and outstanding.

On June 17, 2003, the Company completed the renewal of its revolving credit line with its bank group. The agreement provides for a three year \$75.0 million unsecured revolving line of credit and \$15.0 million of uncommitted working capital lines. The line of credit expires on June 17, 2006. At October 31, 2004, the Company had \$16.3 million of outstanding borrowings under its bank lines as compared to \$22.0 million at October 31, 2003. In addition, one bank in the domestic bank group issued five irrevocable standby letters of credit for retail and operating facility leases to various landlords and Canadian payroll to the Royal Bank of Canada totaling \$0.6 million with expiration dates through June 30, 2005.

A Swiss subsidiary of the Company maintains unsecured lines of credit with an unspecified length of time with a Swiss bank. Available credit under these lines totaled 8.0 million Swiss francs, with dollar equivalents of approximately \$6.7 million and \$6.0 million at October 31, 2004 and 2003, respectively, of which a maximum of \$5.0 million may be drawn under the terms of the Company's revolving credit line with its bank group. As of October 31, 2004, the Swiss bank has guaranteed the Company's Swiss subsidiary's obligations to certain Swiss third parties in the amount of approximately \$2.2 million in various foreign currencies. As of October 31, 2004, there are no borrowings against these lines.

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary share buy-back program. There were no purchases during fiscal 2003 under the repurchase program and there have been no repurchases for the nine months ended October 31, 2004.

During the nine months ended October 31, 2004, treasury shares increased by 9,581 as the result of cashless exercises of stock options for 61,067 shares of stock.

The Company paid dividends per share of \$0.04 for the first, second and third quarters, or approximately \$3.0 million for the nine months ended October 31, 2004, and \$0.015 per share for the first quarter, \$0.03 per share for the second and third quarters, or approximately \$1.8 million for the nine months ended October 31, 2003.

Cash and cash equivalents at October 31, 2004 amounted to \$35.9 million compared to \$61.0 million at October 31, 2003. The decrease in cash relates to the net impact of the payment for the all cash acquisition of Ebel, the severance and restructuring costs associated with Ebel's Swiss operations and the funding of the Ebel business year-to-date, as well as additional cash required to fund the Company's working capital needs for volume growth.

## RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 151, "Inventory Costs", an amendment of ARB No. 43, Chapter 4 ("SFAS 151"). The amendments made by SFAS 151 will improve financial reporting by clarifying that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) should be recognized as current-period charges and by requiring the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005, and is not expected to have a significant impact on the Company's consolidated financial position, results of operations or cash flows.

### Item 3. Quantitative and Qualitative Disclosure about Market Risks

#### Foreign Currency and Commodity Price Risks

The majority of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company purchases various derivatives, predominantly forward and option contracts. Changes in derivative fair values will either be recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a component of other shareholders' equity until the hedged transactions occur and are recognized in earnings. The ineffective portion of a hedging derivative's change in fair value will be immediately recognized in earnings. If the Company did not engage in a hedging program, any change in the Swiss franc currency rate would have an equal effect on the entities' cost of sales. The Company purchases gold for the production of certain watches. The Company purchases gold derivatives under its hedging program and treats the changes in fair value on these derivatives in the same manner as the changes in fair value in its Swiss franc derivatives.

The Company also hedges its Swiss franc denominated investment in its wholly-owned Swiss subsidiaries using purchase options under certain limitations. These hedges are treated as net investment hedges under SFAS No. 133. Under SFAS No. 133, the change in fair value of these instruments is recognized in accumulated other comprehensive income to offset the change in the value of the net investment being hedged.

The following presents fair value and maturities of the Company's foreign currency derivatives outstanding as of October 31, 2004 (in millions):

	October 31, 2004 Fair Value -----	Maturities -----
Forward exchange contracts	\$ 5.5	2004-2005
Purchased foreign currency options	8.2	2004-2005
	----- \$ 13.7 =====	

The Company's international trade business for the nine months ended October 31, 2004 accounts for 21.2% of the Company's sales in various currencies. The international operations are denominated in local currency and fluctuations in these currency rates may have an impact on the Company's sales, cost of sales, operating expenses and net income.

#### Interest Rate Risk

As of October 31, 2004, the Company had \$16.3 million in short-term bank debt obligations with variable interest rates based on LIBOR plus an applicable loan spread. The Company does not hedge these interest rate risks. The Company also has \$50.0 million Senior Note debt bearing fixed interest rates per annum. The difference between the market based interest rates available at October 31, 2004 and the fixed rates in the Senior Notes were unfavorable to the Company.

#### Item 4. Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in making known to them, in a timely manner, material information relating to the Company and the Company's consolidated subsidiaries required to be disclosed in the Company's reports filed or submitted under the Exchange Act.

There has been no change in the Company's internal control over financial reporting during the quarter ended October 31, 2004, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures provide reasonable assurance that they are effective, they do not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 6. Exhibits

(a) Exhibits

- 10.1 Amendment dated October 29, 2004 to the Credit Agreement dated as of June 17, 2003, between the Registrant, MGI Luxury Group S.A. (formerly known as Concord Watch Company S.A.), Movado Watch Company SA, each of the lenders signatory to such Credit Agreement and JPMorgan Chase Bank .
- 10.2 Employment Agreement dated August 27, 2004 between the Registrant and Mr. Eugene Karpovich.\*
- 10.3 Employment Agreement dated August 27, 2004 between the Registrant and Mr. Frank Kimick.\*
- 10.4 Employment Agreement dated August 27, 2004 between the Registrant and Mr. Timothy F. Michno.\*
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Principal Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Principal Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Constitutes a compensatory plan or arrangement

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOVADO GROUP, INC.  
(Registrant)

Dated: December 10, 2004

By: /s/ Eugene J. Karpovich  
-----  
Eugene J. Karpovich  
Senior Vice President and  
Chief Financial Officer  
(Chief Financial Officer and  
Principal Accounting Officer)  
(Duly Authorized Officer)

## OCTOBER 2004 AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT, dated as of the 19th day of October, 2004, among MOVADO GROUP, INC., a New York corporation (the "Parent"); MGI LUXURY GROUP S.A. (formerly known as Concord Watch Company SA), a Swiss corporation (hereinafter referred to as "Concord" or "Luxury" interchangeably); MOVADO WATCH COMPANY SA, a Swiss corporation ("MWC"); each of the Lenders which is a signatory to the Credit Agreement referred to below; and JPMORGAN CHASE BANK, as Administrative Agent, as Swingline Bank and as Issuing Bank.

## Preliminary Statement

A. Reference is made to the Credit Agreement dated as of June 17, 2003 among the Parent, Concord, MWC, the Lenders signatory thereto and JPMorgan Chase Bank, as Administrative Agent, as Swingline Bank and as Issuing Bank, which was amended by the Waiver and Amendment dated February 27, 2004 among such parties (collectively, the "Existing Credit Agreement"). All capitalized terms used in this Amendment and not defined herein shall have the respective meanings ascribed to them in the Existing Credit Agreement.

B. The parties desire to amend the Existing Credit Agreement, so as (i) to reflect the change in the name of Concord from "Concord Watch Company SA" to "MGI Luxury Group S.A."; (ii) to reflect the merger into Luxury of its wholly-owned subsidiary, Ebel S.A.; (iii) to make certain changes in the negative covenant contained in the Existing Credit Agreement restricting Debt; and (iv) to provide for certain other amendments of the Existing Credit Agreement; all on the terms and conditions hereinafter expressly provided.

NOW, THEREFORE, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

## ARTICLE 1. PARTICULAR AMENDMENTS

Section 1.1. Particular Transactions. The Parent hereby represents, warrants, acknowledges and agrees that (a) Concord changed its name from "Concord Watch Company SA" to "MGI Luxury Group S.A.", effective as of June 17, 2004; (b) Ebel S.A., which was a wholly-owned subsidiary of Luxury, merged into Luxury, effective as of June 28, 2004; and (c) the operating business comprising Ebel S.A. prior to such merger, and the operating business comprising Luxury prior to such merger, now constitute two separate operating divisions of Luxury (and neither of such divisions is a separate corporation).

Section 1.2. New Defined Terms. Section 1.1 of the Existing Credit Agreement is hereby amended by adding thereto the following defined term:

"'Luxury' means MGI Luxury Group S.A., a Swiss corporation, which was formerly known as Concord Watch Company SA."

All references in the Existing Credit Agreement, the other Facility Documents, this Amendment and any future amendments of the Existing Credit Agreement or any other Facility Document to "Concord Watch Company SA", "Concord", "MGI Luxury Group S.A." or "Luxury" refer to one and the same corporation.

Section 1.3. Debt Covenant. Section 8.1 of the Existing Credit Agreement is hereby amended as follows: in clause (g), the amount "\$3,000,000" is changed to "\$10,000,000" (in each of the two places in which such amount is referred to); and in clause (h), the amount "\$15,000,000" is changed to "\$25,000,000" (in each of the two places in which such amount is referred to).



Section 1.4. List of Subsidiaries. Schedule III to the Existing Credit Agreement is hereby amended so as to read as set forth on Annex I to this Amendment.

## ARTICLE 2. MATTERS GENERALLY

Section 2.1. Fee. Contemporaneously with the execution and delivery of this Amendment, the Borrowers shall pay a nonrefundable amendment fee to the Administrative Agent for the benefit of the Lenders in the aggregate amount of \$20,000, which shall be remitted by the Administrative Agent to the Lenders in equal portions of \$5,000 each. Such fee shall be in addition to all other amounts required to be paid by the Borrowers under the Existing Credit Agreement and this Amendment.

Section 2.2. Representations and Warranties. Each of the Borrowers hereby represents and warrants as follows (provided, however, that such representations and warranties by each Foreign Subsidiary Borrower shall be as to such Foreign Subsidiary Borrower only):

(a) All the representations and warranties set forth in the Existing Credit Agreement and in the other Facility Documents are true and complete on and as of the date hereof (with the same effect as though made on and as of such date).

(b) No Default or Event of Default exists.

(c) No Borrower has any offset or defense with respect to any of its obligations under the Existing Credit Agreement or any of the Notes or any other Facility Document, and no Borrower has any claim or counterclaim against any Lender, the Swingline Bank, the Issuing Bank or the Administrative Agent whatsoever (any such offset, defense, claim or counterclaim as may now exist being hereby irrevocably waived by the Borrowers).

(d) This Amendment has been duly authorized, executed and delivered by the Borrowers.

Section 2.3. Guarantor Consent. The Subsidiary Guarantors shall execute this Amendment in the space provided below to indicate their consent to the terms of this Amendment.

Section 2.4. Expenses. The Borrowers shall pay all reasonable expenses incurred by the Administrative Agent in connection with this Amendment, including (without limitation) the reasonable fees and disbursements of counsel for the Administrative Agent.

Section 2.5. Continuing Effect. Except as otherwise expressly provided in this Amendment, all the terms and conditions of the Existing Credit Agreement shall continue in full force and effect. All the other Facility Documents also shall continue in full force and effect.

Section 2.6. Entire Agreement. This Amendment constitutes the entire agreement of the parties hereto with respect to an amendment of the Existing Credit Agreement pertaining to the subject matter hereof, and it supersedes and replaces all prior and contemporaneous agreements, discussions and understandings (whether written or oral) with respect to such amendment.

Section 2.7. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 2.8. Effectiveness. This Amendment shall not become effective unless and until it shall have been executed and delivered by the Borrowers, the Administrative Agent and the Lenders (which execution and delivery may be evidenced by telecopies).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

MOVADO GROUP, INC.

By: /s/ Frank Kimick  
-----  
Name (Print): Frank Kimick  
Title: Treasurer

MGI LUXURY GROUP S.A. (formerly known as Concord Watch Company SA)

By: /s/ Kurt Burki  
-----  
Name (Print): Kurt Burki  
Title: President

By: /s/ Emre Kurtoglu  
-----  
Name (Print): Emre Kurtoglu  
Title: Vice President Finance

MOVADO WATCH COMPANY SA

By: /s/ Kurt Burki  
-----  
Name (Print): Kurt Burki  
Title: President

By: /s/ Emre Kurtoglu  
-----  
Name (Print): Emre Kurtoglu  
Title: Vice President Finance

JPMORGAN CHASE BANK, as Administrative Agent, as Lender, as Swingline Bank and as Issuing Bank

By: /s/ Dennis McSherry  
-----  
Dennis McSherry  
Vice President

FLEET NATIONAL BANK, a Bank of America Company

By: /s/ Richard Williams  
-----  
Richard Williams  
Director

THE BANK OF NEW YORK

By: /s/ Susan M. Graham  
-----  
Susan M. Graham  
Vice President

CITIBANK, N.A.

By: /s/ Anthony V. Patina  
-----  
Anthony V. Pantina  
Vice President

CONSENTED TO BY SUBSIDIARY GUARANTORS:

MOVADO RETAIL GROUP, INC.

By: /s/ Ray Stuart  
-----  
Name (Print): Ray Stuart  
Title: President

MOVADO LLC

By: /s/ Timothy F. Michno  
Name (Print): Timothy F. Michno  
Title: General Counsel

ANNEX I TO AMENDMENT

Schedule III

Subsidiaries of Movado Group, Inc. (Section 6.9)

All issued and outstanding shares of each of the following Subsidiaries are wholly owned, directly or indirectly, by the Company except for statutorily required directors qualifying shares in the case of the Hong Kong and Swiss Subsidiaries.

Bermuda:

MGI International Ltd.

California:

North American Watch Service Corporation (inactive)

Canada:

Movado Group of Canada, Inc.

Delaware:

Movado Group Delaware Holdings Corporation  
Movado International, Ltd. (inactive)  
Movado LLC  
NAW Corporation (inactive)  
NAWC Corum Corporation (inactive)

France:

Swisswave Europe S.A.

Germany:

MGI Luxury Group GmbH  
Concord Watch Deutschland GmbH  
Movado Watch Deutschland GmbH

Hong Kong:

Swissam Ltd.  
Swissam Products Ltd.

Japan:

MGI Japan Co., Ltd.

New Jersey:

EWC Marketing Corp. (inactive)  
Movado Retail Group, Inc

Singapore:

Swissam Pte. Ltd.

Switzerland:

Ebel Watches S.A. (inactive)  
MGI Luxury Group S.A.  
Montres Movado Bienne, S.A.  
Movado Watch Company, S.A.  
S.A. de l'Immeuble rue de la Paix 101

United Kingdom

MGI Luxury Group U.K. Ltd.

August 12, 2004

Gene Karpovich  
64 Doreen Drive  
Fairfield, CT 06430

Dear Gene:

This will confirm the agreement ("Agreement") between you and Movado Group, Inc and/or one of its subsidiaries (together, the "Company") concerning certain terms relating to your continued employment by the Company and the payment of severance by the Company to you under certain circumstances. You acknowledge that the option grant and the other obligations undertaken by the Company as set forth in this Agreement are in addition to any payments or other benefits to which you are otherwise entitled. Capitalized terms used but not otherwise defined below or elsewhere in this Agreement, shall have the meaning given such terms in the Movado Group, Inc. 1996 Stock Incentive Plan, as amended and restated as of April 8, 2004 ("Plan").

1. **OPTION GRANT.** You are hereby granted an option to purchase that number of shares of Movado Group, Inc. common stock ("Stock") as set forth on Schedule A (attached to and made a part of this Agreement) at a purchase price per share equal to the Fair Market Value of the Stock on the date that both you and the Company have signed this Agreement ("Effective Date").
2. **EMPLOYMENT AT WILL; SEVERANCE.** Your employment with the Company is on an at-will basis, meaning that you may resign at any time and, likewise, the Company has the right to terminate your employment at any time, with or without Cause. "Cause" means conviction of a felony committed by you prior to termination of your employment with the Company; your knowing violation of a material Company policy; your failure to perform any of your material obligations hereunder or the material duties of your position with the Company; or your gross negligence in the performance of your duties or breach of your fiduciary duty to the Company as reasonably determined by the Company's Chief Executive Officer. If the Company terminates your employment without Cause, it will pay you as severance an amount equal to your bi-weekly base salary for a period of 12 months after the date of such termination ("Severance Period"); except that no such severance shall be due or payable to you if you violate any of the terms of this Agreement. All such payments that are due, will be made, net of all withholding taxes, on a bi-weekly basis and will be paid to your estate in the event of your death during the Severance Period. "Base salary" does not include any commission or bonus payments or auto allowance. Any bonus or commission payments which are earned and vested prior to your resignation, or termination without Cause by the Company, will be paid to you in accordance with the terms of any such bonus or commission plan. To the extent medical insurance coverage is available following such termination through COBRA, but not otherwise provided under the Company's disability policies or plans, the Company will pay the costs of such insurance for you under COBRA for the Severance Period, or, if

shorter, for the maximum period allowed or until you either become eligible for Medicare or are employed by another employer which provides medical benefits.

3. TERMINATION BY THE COMPANY FOR CAUSE. The Company may terminate your employment for Cause and upon such termination, the Company shall be released from any and all further obligations under this Agreement, except for the obligation to pay accrued base salary, and accrued benefits owing to you through the termination date.
4. NON-COMPETITION. While you are employed by the Company and for a period of six (6) months after such employment terminates, whether voluntarily or involuntarily, you shall not directly or indirectly in any capacity, without the prior written consent of the Chief Executive Officer of the Company, which may be granted or withheld in the Company's sole and absolute discretion, carry on or engage or participate in the watch or jewelry business, in any individual or representative capacity, as a principal, for your own account, jointly with others as a partner, joint venturer, or shareholder of any other firm, corporation, partnership, association, or other entity, or as a consultant, contractor, subcontractor or agent or employee of any person, firm, corporation, partnership, association or other entity. You acknowledge and agree that the contents of this section are fair and reasonable and you waive any defenses that you may in the future claim against enforcement hereof on the basis of public policy principles, excessive scope, duration or geographic coverage or on any other basis. If notwithstanding the foregoing, any of the provisions of this section should ever be deemed to exceed the scope, time or geographic limitations of applicable law regarding covenants not to compete, then such provisions shall be reformed to the maximum scope, time or geographic limitations, as the case may be, permitted by applicable laws.
5. NO SOLICITATION. While you are employed by the Company and for a period of twelve (12) months after the termination of such employment, whether voluntarily or involuntarily, you shall not, directly or indirectly, alone or with others, in any capacity, without the prior written consent of the Company, which may be granted or withheld in the Company's sole and absolute discretion, (a) employ, engage or retain any individual who is then an employee of the Company (or who had been an employee of the Company within six (6) months prior to the termination of your employment with the Company), or solicit, induce or persuade any such individual to terminate his or her employment relationship with the Company; or (b) request, induce, or advise any client of the Company (which you had reason to know was such a client or prospective client of the Company) to withdraw, curtail, or cancel any of its business with the Company.
6. PROPRIETARY INFORMATION.

6.1 You shall keep secret and retain in strictest confidence, and shall not use for the benefit of yourself or others, except in the course of performing your duties for the Company, all proprietary and/or confidential information, knowledge and data of the Company relating to its operations, sales, business or affairs, provided, however, that you shall not be restricted with respect to use of information that (i) is or becomes public knowledge through no action or default on your part; (ii) is disclosed to you by a third party, provided that the third party has the lawful right to make such disclosure; (iii) is approved by the Company in writing for disclosure to specified third parties; or (iv) is required to be disclosed by you pursuant to a court order or applicable rules and regulations.

6.2 You agree that all documents, records, reports, compilations, studies, computer files, e-mails and other tangible material containing confidential or proprietary information of the Company, whether created by you or others, which shall come into your custody or possession, shall be and are the exclusive property of the Company to be used by you only in the performance of your duties for the Company. All such materials or copies thereof and all tangible property of the Company in your custody or possession shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of your employment. After such delivery, you shall not retain any such materials or copies thereof or any such tangible property.

6.3 You agree that your obligations not to disclose or to use information and materials of the types set forth in this Agreement, and your obligation to return materials and tangible property, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to you, provided, however, you shall not be restricted with respect to use of information that (i) is or becomes public knowledge through no action or default on your part; (ii) is disclosed to you by a third party, provided that the third party has the lawful right to make such disclosure; (iii) is approved by the Company in writing for disclosure to specified third parties; or (iv) is required to be disclosed by you pursuant to a court order or applicable rules and regulations.

## 7. REMEDIES

You acknowledge and agree that the Company's remedy at law for a breach or threatened breach of the provisions of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by you of any provision of this Agreement, it is agreed that, in addition to any available remedy at law, the Company shall be entitled to, without posting any bond, specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable relief or remedy which may then be available; provided, however, nothing herein shall be deemed to relieve the Company of its burden to prove grounds warranting such relief nor preclude you from contesting such grounds or facts in support thereof. Nothing herein contained shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach hereof.

## 8. SEVERABILITY OF AGREEMENT

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. The parties agree that the covenants set forth herein are reasonable. Without limiting the foregoing, it is the intent of the parties that the covenants set forth herein be enforced to the maximum degree permitted by applicable law. As such, the parties ask that if any court of competent jurisdiction were to consider any provision of this Agreement to be overly broad based on the circumstances at the time enforcement is requested, that such court "blue pencil" the provision and enforce the provision to the full extent that such court deems it to be reasonable in scope.

## 9. APPLICABLE LAW AND CONSENT TO JURISDICTION



The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws of the State of New Jersey without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction of, and agree that such litigation shall be conducted in, any federal or state courts of the State of New Jersey. The parties waive their right to trial by jury in any action brought by either against the other in connection with any matter arising out of this Agreement.

10. NOTICES

All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly delivered if delivered by hand or received by US Mail:

If to Company - Movado Group, Inc.  
650 From Road  
Paramus, New Jersey 07652  
Attn: Legal Department  
or such other address which shall then be its primary U.S.  
corporate executive offices.

If to you - at your home address as reflected in the Company's payroll records

14. MISCELLANEOUS

This Agreement sets forth the entire agreement between the Company and you and supersedes any and all prior agreements or understandings, if any, between the parties regarding the subject matter of this Agreement. No amendment or modification of this agreement shall be valid or effective, unless in writing and signed by the parties to this Agreement. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict adherence with every provision of this Agreement. This Agreement shall become effective on the date first set forth above. Headings in this Agreement are used solely for convenience and are not to be used in construing or interpreting this Agreement.

Very truly yours,

MOVADO GROUP, INC.

By /s/ Vivian D'Elia

-----  
Name: Vivian D'Elia

Title: Sr. V.P. HR

Date: 8/27/04

Agreed and accepted this  
27 day of August, 2004,

/s/ Eugene J. Karpovich

TERMS OF OPTION GRANT UNDER  
1996 INCENTIVE STOCK PLAN  
( NONQUALIFIED STOCK OPTION)

SECTION 1. GRANT OF OPTION.

1.1 The Company hereby grants you an option (the "Option") to Purchase 15,000 shares of Stock at a purchase price per share equal to the Fair Market Value per share of the Stock on the Effective Date.

1.2 The Option granted hereby is intended to be a nonqualified stock option subject to the provisions of Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not intended to qualify for special tax provisions of Code Section 422.

SECTION 2. EXERCISABILITY.

2.1 The Option shall become cumulatively exercisable with respect to (a) one third of the shares of Stock subject thereto (rounded down to the next lower full share) commencing on the third anniversary of the date hereof, and (b) an additional third of the shares of Stock subject thereto on each of the next two following anniversary dates of the date hereof.

2.2 The Option may at any time and from time to time be exercised in whole or in part for the shares of Stock subject thereto, within the limitations on exercisability set forth above.

2.3 Unless terminated earlier, the unexercised portion of the Option shall automatically and without notice terminate and become null and void on the tenth anniversary of the Effective Date.

2.4 Upon the occurrence of a Change of Control (as defined in the Plan) prior to the date on which the Option expires, notwithstanding any other provision of the Plan, each installment of the Option that has not theretofore vested and become exercisable shall immediately vest and become exercisable; provided, however, that no installment of the Option may be exercised until six months after the date of grant.

SECTION 3. METHOD OF EXERCISE.

3.1 The Option or any part thereof may be exercised in accordance with the terms hereof only by giving written notice of exercise to the Company, on a form to be provided by the

Company for that purpose, and by specifying the number of whole shares of Stock with respect to which the Option is being exercised. Such notice must be accompanied by payment of the full purchase price for the number of shares purchased.

3.2 Payment of the purchase price shall be made by you to the Company at the time of exercise as provided in Section 7(b) of the Plan and may be made in any manner permitted under the Plan. As soon as practicable after the Company receives payment of the purchase price, subject to the provisions of the Plan, the Company shall deliver to you a certificate or certificates for the shares of Stock so purchased.

#### SECTION 4. TERMINATION OF EMPLOYMENT

4.1 Notwithstanding anything to the contrary contained herein, the Option shall terminate and expire on the day your employment is terminated for Cause.

4.2 If your employment with the Company terminates by reason of your voluntary resignation, or the termination of your employment by the Company without Cause, then the vested portion of the Option may be exercised until the earlier of (i) 60 days after the date on which the final payment of any salary or severance (exclusive of any other payments such as commissions, bonuses or reimbursements for expenses) due to you from the Company is made or (ii) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). The "vested portion" of the Option shall mean the portion thereof that is exercisable immediately prior to termination of your employment for any reason.

4.3 If your employment terminates by reason of your retirement (i) at or after age 65, or (ii) before the age of 65 but after age 55 provided you have been employed by the Company for at least 10 years and further subject to the specific approval of the Committee (including any limitations or conditions the Committee may, in its discretion, impose which are not inconsistent with the express terms of the Plan), then the unvested portion of the Option shall immediately become vested and the Option may be exercised until the earlier of (a) three years after termination of employment or (b) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). The Committee may in its discretion determine whether any leave of absence (including short-term or

long-term disability or medical leave) shall constitute a termination of employment for purposes of this Agreement.

4.4 If your employment terminates by reason of your (i) permanent disability (as determined by the Committee) and you have been employed by the Company for at least ten years, or (ii) death, then, in either case, the unvested portion shall immediately become vested and the Option shall be exercisable until the earlier of (a) three years after termination of your employment by reason of permanent disability or death or (b) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). In the case of your death, the Option shall be exercisable by the person to whom the Option passes under your will (or, if applicable, pursuant to the laws of descent and distribution).

#### SECTION 5. NON-TRANSFERABILITY.

No right granted to you under the Plan or this Agreement shall be assignable or transferable (whether by operation of law or otherwise and whether voluntarily or involuntarily), other than by will or by laws of descent and distribution. During your lifetime, all rights granted to you under the Plan or this Agreement shall be exercisable only by you .

#### SECTION 6. NO SHAREHOLDER RIGHTS.

You shall have no rights as a shareholder of the Company with respect to any shares subject to the Option until the date of the issuance of a stock certificate or certificates to you for such shares. Except for the adjustments made pursuant to Section 13 of the Plan, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

#### SECTION 7. PLAN PROVISIONS TO PREVAIL.

This Agreement shall be subject to all of the terms and provisions of the Plan, which are incorporated hereby and made a part hereof. If there is any inconsistency between any of the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

#### SECTION 8. OPTIONEE'S ACKNOWLEDGMENTS.

By entering into this Agreement you agree and acknowledge that (a) you have received and read a copy of the Plan and (b) none of the Company, the Board, the Committee, the

Affiliates (including their respective parents and subsidiaries) and their respective shareholders, officers, directors, employees, agents and counsel shall be liable for any action or determination with respect to the Plan or any award thereunder or this Agreement.

August 12, 2004

Frank V. Kimick  
20 van Zandt Road  
Skillman, NJ 08558

Dear Frank:

This will confirm the agreement ("Agreement") between you and Movado Group, Inc and/or one of its subsidiaries (together, the "Company") concerning certain terms relating to your continued employment by the Company and the payment of severance by the Company to you under certain circumstances. You acknowledge that the option grant and the other obligations undertaken by the Company as set forth in this Agreement are in addition to any payments or other benefits to which you are otherwise entitled. Capitalized terms used but not otherwise defined below or elsewhere in this Agreement, shall have the meaning given such terms in the Movado Group, Inc. 1996 Stock Incentive Plan, as amended and restated as of April 8, 2004 ("Plan").

1. **OPTION GRANT.** You are hereby granted an option to purchase that number of shares of Movado Group, Inc. common stock ("Stock") as set forth on Schedule A (attached to and made a part of this Agreement) at a purchase price per share equal to the Fair Market Value of the Stock on the date that both you and the Company have signed this Agreement ("Effective Date").
2. **EMPLOYMENT AT WILL; SEVERANCE.** Your employment with the Company is on an at-will basis, meaning that you may resign at any time and, likewise, the Company has the right to terminate your employment at any time, with or without Cause. "Cause" means conviction of a felony committed by you prior to termination of your employment with the Company; your knowing violation of a material Company policy; your failure to perform any of your material obligations hereunder or the material duties of your position with the Company; or your gross negligence in the performance of your duties or breach of your fiduciary duty to the Company as reasonably determined by the Company's Chief Executive Officer. If the Company terminates your employment without Cause, it will pay you as severance an amount equal to your bi-weekly base salary for a period of 12 months after the date of such termination ("Severance Period"); except that no such severance shall be due or payable to you if you violate any of the terms of this Agreement. All such payments that are due, will be made, net of all withholding taxes, on a bi-weekly basis and will be paid to your estate in the event of your death during the Severance Period. "Base salary" does not include any commission or bonus payments or auto allowance. Any bonus or commission payments which are earned and vested prior to your resignation, or termination without Cause by the Company, will be paid to you in accordance with the terms of any such bonus or commission plan. To the extent medical insurance coverage is available following such termination through COBRA, but not otherwise provided under the Company's disability policies or plans, the Company will pay the costs of such insurance for you under COBRA for the Severance Period, or, if

shorter, for the maximum period allowed or until you either become eligible for Medicare or are employed by another employer which provides medical benefits.

3. TERMINATION BY THE COMPANY FOR CAUSE. The Company may terminate your employment for Cause and upon such termination, the Company shall be released from any and all further obligations under this Agreement, except for the obligation to pay accrued base salary, and accrued benefits owing to you through the termination date.
4. NON-COMPETITION. While you are employed by the Company and for a period of six (6) months after such employment terminates, whether voluntarily or involuntarily, you shall not directly or indirectly in any capacity, without the prior written consent of the Chief Executive Officer of the Company, which may be granted or withheld in the Company's sole and absolute discretion, carry on or engage or participate in the watch or jewelry business, in any individual or representative capacity, as a principal, for your own account, jointly with others as a partner, joint venturer, or shareholder of any other firm, corporation, partnership, association, or other entity, or as a consultant, contractor, subcontractor or agent or employee of any person, firm, corporation, partnership, association or other entity. You acknowledge and agree that the contents of this section are fair and reasonable and you waive any defenses that you may in the future claim against enforcement hereof on the basis of public policy principles, excessive scope, duration or geographic coverage or on any other basis. If notwithstanding the foregoing, any of the provisions of this section should ever be deemed to exceed the scope, time or geographic limitations of applicable law regarding covenants not to compete, then such provisions shall be reformed to the maximum scope, time or geographic limitations, as the case may be, permitted by applicable laws.
5. NO SOLICITATION. While you are employed by the Company and for a period of twelve (12) months after the termination of such employment, whether voluntarily or involuntarily, you shall not, directly or indirectly, alone or with others, in any capacity, without the prior written consent of the Company, which may be granted or withheld in the Company's sole and absolute discretion, (a) employ, engage or retain any individual who is then an employee of the Company (or who had been an employee of the Company within six (6) months prior to the termination of your employment with the Company), or solicit, induce or persuade any such individual to terminate his or her employment relationship with the Company; or (b) request, induce, or advise any client of the Company (which you had reason to know was such a client or prospective client of the Company) to withdraw, curtail, or cancel any of its business with the Company.
6. PROPRIETARY INFORMATION.

6.1 You shall keep secret and retain in strictest confidence, and shall not use for the benefit of yourself or others, except in the course of performing your duties for the Company, all proprietary and/or confidential information, knowledge and data of the Company relating to its operations, sales, business or affairs, provided, however, that you shall not be restricted with respect to use of information that (i) is or becomes public knowledge through no action or default on your part; (ii) is disclosed to you by a third party, provided that the third party has the lawful right to make such disclosure; (iii) is approved by the Company in writing for disclosure to specified third parties; or (iv) is required to be disclosed by you pursuant to a court order or applicable rules and regulations.

6.2 You agree that all documents, records, reports, compilations, studies, computer files, e-mails and other tangible material containing confidential or proprietary information of the Company, whether created by you or others, which shall come into your custody or possession, shall be and are the exclusive property of the Company to be used by you only in the performance of your duties for the Company. All such materials or copies thereof and all tangible property of the Company in your custody or possession shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of your employment. After such delivery, you shall not retain any such materials or copies thereof or any such tangible property.

6.3 You agree that your obligations not to disclose or to use information and materials of the types set forth in this Agreement, and your obligation to return materials and tangible property, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to you, provided, however, you shall not be restricted with respect to use of information that (i) is or becomes public knowledge through no action or default on your part; (ii) is disclosed to you by a third party, provided that the third party has the lawful right to make such disclosure; (iii) is approved by the Company in writing for disclosure to specified third parties; or (iv) is required to be disclosed by you pursuant to a court order or applicable rules and regulations.

## 7. REMEDIES

You acknowledge and agree that the Company's remedy at law for a breach or threatened breach of the provisions of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by you of any provision of this Agreement, it is agreed that, in addition to any available remedy at law, the Company shall be entitled to, without posting any bond, specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable relief or remedy which may then be available; provided, however, nothing herein shall be deemed to relieve the Company of its burden to prove grounds warranting such relief nor preclude you from contesting such grounds or facts in support thereof. Nothing herein contained shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach hereof.

## 8. SEVERABILITY OF AGREEMENT

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. The parties agree that the covenants set forth herein are reasonable. Without limiting the foregoing, it is the intent of the parties that the covenants set forth herein be enforced to the maximum degree permitted by applicable law. As such, the parties ask that if any court of competent jurisdiction were to consider any provision of this Agreement to be overly broad based on the circumstances at the time enforcement is requested, that such court "blue pencil" the provision and enforce the provision to the full extent that such court deems it to be reasonable in scope.

## 9. APPLICABLE LAW AND CONSENT TO JURISDICTION



The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws of the State of New Jersey without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction of, and agree that such litigation shall be conducted in, any federal or state courts of the State of New Jersey. The parties waive their right to trial by jury in any action brought by either against the other in connection with any matter arising out of this Agreement.

10. NOTICES

All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly delivered if delivered by hand or received by US Mail:

If to Company - Movado Group, Inc.  
650 From Road  
Paramus, New Jersey 07652  
Attn: Legal Department

or such other address which shall then be its primary U.S. corporate executive offices.

If to you - at your home address as reflected in the Company's payroll records

14. MISCELLANEOUS

This Agreement sets forth the entire agreement between the Company and you and supersedes any and all prior agreements or understandings, if any, between the parties regarding the subject matter of this Agreement. No amendment or modification of this agreement shall be valid or effective, unless in writing and signed by the parties to this Agreement. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict adherence with every provision of this Agreement. This Agreement shall become effective on the date first set forth above. Headings in this Agreement are used solely for convenience and are not to be used in construing or interpreting this Agreement.

Very truly yours,

MOVADO GROUP, INC.

By /s/ Vivian D'Elia

-----  
Name: Vivian D'Elia

Title: Sr. V.P. HR

Date: 8/27/04

Agreed and accepted this  
27 day of August, 2004,

/s/ Frank V. Kimick

-----

TERMS OF OPTION GRANT UNDER  
1996 INCENTIVE STOCK PLAN  
( NONQUALIFIED STOCK OPTION)

SECTION 1. GRANT OF OPTION.

1.1 The Company hereby grants you an option (the "Option") to Purchase 20,000 shares of Stock at a purchase price per share equal to the Fair Market Value per share of the Stock on the Effective Date.

1.2 The Option granted hereby is intended to be a nonqualified stock option subject to the provisions of Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not intended to qualify for special tax provisions of Code Section 422.

SECTION 2. EXERCISABILITY.

2.1 The Option shall become cumulatively exercisable with respect to (a) one third of the shares of Stock subject thereto (rounded down to the next lower full share) commencing on the third anniversary of the date hereof, and (b) an additional third of the shares of Stock subject thereto on each of the next two following anniversary dates of the date hereof.

2.2 The Option may at any time and from time to time be exercised in whole or in part for the shares of Stock subject thereto, within the limitations on exercisability set forth above.

2.3 Unless terminated earlier, the unexercised portion of the Option shall automatically and without notice terminate and become null and void on the tenth anniversary of the Effective Date.

2.4 Upon the occurrence of a Change of Control (as defined in the Plan) prior to the date on which the Option expires, notwithstanding any other provision of the Plan, each installment of the Option that has not theretofore vested and become exercisable shall immediately vest and become exercisable; provided, however, that no installment of the Option may be exercised until six months after the date of grant.

SECTION 3. METHOD OF EXERCISE.

3.1 The Option or any part thereof may be exercised in accordance with the terms hereof only by giving written notice of exercise to the Company, on a form to be provided by the

Company for that purpose, and by specifying the number of whole shares of Stock with respect to which the Option is being exercised. Such notice must be accompanied by payment of the full purchase price for the number of shares purchased.

3.2 Payment of the purchase price shall be made by you to the Company at the time of exercise as provided in Section 7(b) of the Plan and may be made in any manner permitted under the Plan. As soon as practicable after the Company receives payment of the purchase price, subject to the provisions of the Plan, the Company shall deliver to you a certificate or certificates for the shares of Stock so purchased.

#### SECTION 4. TERMINATION OF EMPLOYMENT

4.1 Notwithstanding anything to the contrary contained herein, the Option shall terminate and expire on the day your employment is terminated for Cause.

4.2 If your employment with the Company terminates by reason of your voluntary resignation, or the termination of your employment by the Company without Cause, then the vested portion of the Option may be exercised until the earlier of (i) 60 days after the date on which the final payment of any salary or severance (exclusive of any other payments such as commissions, bonuses or reimbursements for expenses) due to you from the Company is made or (ii) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). The "vested portion" of the Option shall mean the portion thereof that is exercisable immediately prior to termination of your employment for any reason.

4.3 If your employment terminates by reason of your retirement (i) at or after age 65, or (ii) before the age of 65 but after age 55 provided you have been employed by the Company for at least 10 years and further subject to the specific approval of the Committee (including any limitations or conditions the Committee may, in its discretion, impose which are not inconsistent with the express terms of the Plan), then the unvested portion of the Option shall immediately become vested and the Option may be exercised until the earlier of (a) three years after termination of employment or (b) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). The Committee may in its discretion determine whether any leave of absence (including short-term or

long-term disability or medical leave) shall constitute a termination of employment for purposes of this Agreement.

4.4 If your employment terminates by reason of your (i) permanent disability (as determined by the Committee) and you have been employed by the Company for at least ten years, or (ii) death, then, in either case, the unvested portion shall immediately become vested and the Option shall be exercisable until the earlier of (a) three years after termination of your employment by reason of permanent disability or death or (b) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). In the case of your death, the Option shall be exercisable by the person to whom the Option passes under your will (or, if applicable, pursuant to the laws of descent and distribution).

#### SECTION 5. NON-TRANSFERABILITY.

No right granted to you under the Plan or this Agreement shall be assignable or transferable (whether by operation of law or otherwise and whether voluntarily or involuntarily), other than by will or by laws of descent and distribution. During your lifetime, all rights granted to you under the Plan or this Agreement shall be exercisable only by you .

#### SECTION 6. NO SHAREHOLDER RIGHTS.

You shall have no rights as a shareholder of the Company with respect to any shares subject to the Option until the date of the issuance of a stock certificate or certificates to you for such shares. Except for the adjustments made pursuant to Section 13 of the Plan, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

#### SECTION 7. PLAN PROVISIONS TO PREVAIL.

This Agreement shall be subject to all of the terms and provisions of the Plan, which are incorporated hereby and made a part hereof. If there is any inconsistency between any of the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

#### SECTION 8. OPTIONEE'S ACKNOWLEDGMENTS.

By entering into this Agreement you agree and acknowledge that (a) you have received and read a copy of the Plan and (b) none of the Company, the Board, the Committee, the

Affiliates (including their respective parents and subsidiaries) and their respective shareholders, officers, directors, employees, agents and counsel shall be liable for any action or determination with respect to the Plan or any award thereunder or this Agreement.

August 12, 2004

Tim Michno  
17 Hidden Meadow Lane  
New Canaan, CT 06840

Dear Tim:

This will confirm the agreement ("Agreement") between you and Movado Group, Inc and/or one of its subsidiaries (together, the "Company") concerning certain terms relating to your continued employment by the Company and the payment of severance by the Company to you under certain circumstances. You acknowledge that the option grant and the other obligations undertaken by the Company as set forth in this Agreement are in addition to any payments or other benefits to which you are otherwise entitled. Capitalized terms used but not otherwise defined below or elsewhere in this Agreement, shall have the meaning given such terms in the Movado Group, Inc. 1996 Stock Incentive Plan, as amended and restated as of April 8, 2004 ("Plan").

1. **OPTION GRANT.** You are hereby granted an option to purchase that number of shares of Movado Group, Inc. common stock ("Stock") as set forth on Schedule A (attached to and made a part of this Agreement) at a purchase price per share equal to the Fair Market Value of the Stock on the date that both you and the Company have signed this Agreement ("Effective Date").
2. **EMPLOYMENT AT WILL; SEVERANCE.** Your employment with the Company is on an at-will basis, meaning that you may resign at any time and, likewise, the Company has the right to terminate your employment at any time, with or without Cause. "Cause" means conviction of a felony committed by you prior to termination of your employment with the Company; your knowing violation of a material Company policy; your failure to perform any of your material obligations hereunder or the material duties of your position with the Company; or your gross negligence in the performance of your duties or breach of your fiduciary duty to the Company as reasonably determined by the Company's Chief Executive Officer. If the Company terminates your employment without Cause, it will pay you as severance an amount equal to your bi-weekly base salary for a period of 12 months after the date of such termination ("Severance Period"); except that no such severance shall be due or payable to you if you violate any of the terms of this Agreement. All such payments that are due, will be made, net of all withholding taxes, on a bi-weekly basis and will be paid to your estate in the event of your death during the Severance Period. "Base salary" does not include any commission or bonus payments or auto allowance. Any bonus or commission payments which are earned and vested prior to your resignation, or termination without Cause by the Company, will be paid to you in accordance with the terms of any such bonus or commission plan. To the extent medical insurance coverage is available following such termination through COBRA, but not otherwise provided under the Company's disability policies or plans, the Company will pay the costs of such insurance for you under COBRA for the Severance Period, or, if

shorter, for the maximum period allowed or until you either become eligible for Medicare or are employed by another employer which provides medical benefits.

3. TERMINATION BY THE COMPANY FOR CAUSE. The Company may terminate your employment for Cause and upon such termination, the Company shall be released from any and all further obligations under this Agreement, except for the obligation to pay accrued base salary, and accrued benefits owing to you through the termination date.
4. NON-COMPETITION. While you are employed by the Company and for a period of six (6) months after such employment terminates, whether voluntarily or involuntarily, you shall not directly or indirectly in any capacity, without the prior written consent of the Chief Executive Officer of the Company, which may be granted or withheld in the Company's sole and absolute discretion, carry on or engage or participate in the watch or jewelry business, in any individual or representative capacity, as a principal, for your own account, jointly with others as a partner, joint venturer, or shareholder of any other firm, corporation, partnership, association, or other entity, or as a consultant, contractor, subcontractor or agent or employee of any person, firm, corporation, partnership, association or other entity. You acknowledge and agree that the contents of this section are fair and reasonable and you waive any defenses that you may in the future claim against enforcement hereof on the basis of public policy principles, excessive scope, duration or geographic coverage or on any other basis. If notwithstanding the foregoing, any of the provisions of this section should ever be deemed to exceed the scope, time or geographic limitations of applicable law regarding covenants not to compete, then such provisions shall be reformed to the maximum scope, time or geographic limitations, as the case may be, permitted by applicable laws.
5. NO SOLICITATION. While you are employed by the Company and for a period of twelve (12) months after the termination of such employment, whether voluntarily or involuntarily, you shall not, directly or indirectly, alone or with others, in any capacity, without the prior written consent of the Company, which may be granted or withheld in the Company's sole and absolute discretion, (a) employ, engage or retain any individual who is then an employee of the Company (or who had been an employee of the Company within six (6) months prior to the termination of your employment with the Company), or solicit, induce or persuade any such individual to terminate his or her employment relationship with the Company; or (b) request, induce, or advise any client of the Company (which you had reason to know was such a client or prospective client of the Company) to withdraw, curtail, or cancel any of its business with the Company.
6. PROPRIETARY INFORMATION.

6.1 You shall keep secret and retain in strictest confidence, and shall not use for the benefit of yourself or others, except in the course of performing your duties for the Company, all proprietary and/or confidential information, knowledge and data of the Company relating to its operations, sales, business or affairs, provided, however, that you shall not be restricted with respect to use of information that (i) is or becomes public knowledge through no action or default on your part; (ii) is disclosed to you by a third party, provided that the third party has the lawful right to make such disclosure; (iii) is approved by the Company in writing for disclosure to specified third parties; or (iv) is required to be disclosed by you pursuant to a court order or applicable rules and regulations.

6.2 You agree that all documents, records, reports, compilations, studies, computer files, e-mails and other tangible material containing confidential or proprietary information of the Company, whether created by you or others, which shall come into your custody or possession, shall be and are the exclusive property of the Company to be used by you only in the performance of your duties for the Company. All such materials or copies thereof and all tangible property of the Company in your custody or possession shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of your employment. After such delivery, you shall not retain any such materials or copies thereof or any such tangible property.

6.3 You agree that your obligations not to disclose or to use information and materials of the types set forth in this Agreement, and your obligation to return materials and tangible property, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to you, provided, however, you shall not be restricted with respect to use of information that (i) is or becomes public knowledge through no action or default on your part; (ii) is disclosed to you by a third party, provided that the third party has the lawful right to make such disclosure; (iii) is approved by the Company in writing for disclosure to specified third parties; or (iv) is required to be disclosed by you pursuant to a court order or applicable rules and regulations.

## 7. REMEDIES

You acknowledge and agree that the Company's remedy at law for a breach or threatened breach of the provisions of this Agreement would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by you of any provision of this Agreement, it is agreed that, in addition to any available remedy at law, the Company shall be entitled to, without posting any bond, specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable relief or remedy which may then be available; provided, however, nothing herein shall be deemed to relieve the Company of its burden to prove grounds warranting such relief nor preclude you from contesting such grounds or facts in support thereof. Nothing herein contained shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach hereof.

## 8. SEVERABILITY OF AGREEMENT

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. The parties agree that the covenants set forth herein are reasonable. Without limiting the foregoing, it is the intent of the parties that the covenants set forth herein be enforced to the maximum degree permitted by applicable law. As such, the parties ask that if any court of competent jurisdiction were to consider any provision of this Agreement to be overly broad based on the circumstances at the time enforcement is requested, that such court "blue pencil" the provision and enforce the provision to the full extent that such court deems it to be reasonable in scope.

## 9. APPLICABLE LAW AND CONSENT TO JURISDICTION



The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws of the State of New Jersey without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction of, and agree that such litigation shall be conducted in, any federal or state courts of the State of New Jersey. The parties waive their right to trial by jury in any action brought by either against the other in connection with any matter arising out of this Agreement.

10. NOTICES

All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly delivered if delivered by hand or received by US Mail:

If to Company - Movado Group, Inc.  
650 From Road  
Paramus, New Jersey 07652  
Attn: Legal Department

or such other address which shall then be its primary U.S. corporate executive offices.

If to you - at your home address as reflected in the Company's payroll records

14. MISCELLANEOUS

This Agreement sets forth the entire agreement between the Company and you and supersedes any and all prior agreements or understandings, if any, between the parties regarding the subject matter of this Agreement. No amendment or modification of this agreement shall be valid or effective, unless in writing and signed by the parties to this Agreement. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict adherence with every provision of this Agreement. This Agreement shall become effective on the date first set forth above. Headings in this Agreement are used solely for convenience and are not to be used in construing or interpreting this Agreement.

Very truly yours,

MOVADO GROUP, INC.

By /s/ Vivian D'Elia

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Name: Vivian D'Elia

Title: Sr. V.P. HR

Date: 8/27/04

Agreed and accepted this  
27 day of August, 2004,

/s/ Timothy F. Michno

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TERMS OF OPTION GRANT UNDER  
1996 INCENTIVE STOCK PLAN  
( NONQUALIFIED STOCK OPTION)

SECTION 1. GRANT OF OPTION.

1.1 The Company hereby grants you an option (the "Option") to Purchase 20,000 shares of Stock at a purchase price per share equal to the Fair Market Value per share of the Stock on the Effective Date.

1.2 The Option granted hereby is intended to be a nonqualified stock option subject to the provisions of Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not intended to qualify for special tax provisions of Code Section 422.

SECTION 2. EXERCISABILITY.

2.1 The Option shall become cumulatively exercisable with respect to (a) one third of the shares of Stock subject thereto (rounded down to the next lower full share) commencing on the third anniversary of the date hereof, and (b) an additional third of the shares of Stock subject thereto on each of the next two following anniversary dates of the date hereof.

2.2 The Option may at any time and from time to time be exercised in whole or in part for the shares of Stock subject thereto, within the limitations on exercisability set forth above.

2.3 Unless terminated earlier, the unexercised portion of the Option shall automatically and without notice terminate and become null and void on the tenth anniversary of the Effective Date.

2.4 Upon the occurrence of a Change of Control (as defined in the Plan) prior to the date on which the Option expires, notwithstanding any other provision of the Plan, each installment of the Option that has not theretofore vested and become exercisable shall immediately vest and become exercisable; provided, however, that no installment of the Option may be exercised until six months after the date of grant.

SECTION 3. METHOD OF EXERCISE.

3.1 The Option or any part thereof may be exercised in accordance with the terms hereof only by giving written notice of exercise to the Company, on a form to be provided by the

Company for that purpose, and by specifying the number of whole shares of Stock with respect to which the Option is being exercised. Such notice must be accompanied by payment of the full purchase price for the number of shares purchased.

3.2 Payment of the purchase price shall be made by you to the Company at the time of exercise as provided in Section 7(b) of the Plan and may be made in any manner permitted under the Plan. As soon as practicable after the Company receives payment of the purchase price, subject to the provisions of the Plan, the Company shall deliver to you a certificate or certificates for the shares of Stock so purchased.

#### SECTION 4. TERMINATION OF EMPLOYMENT

4.1 Notwithstanding anything to the contrary contained herein, the Option shall terminate and expire on the day your employment is terminated for Cause.

4.2 If your employment with the Company terminates by reason of your voluntary resignation, or the termination of your employment by the Company without Cause, then the vested portion of the Option may be exercised until the earlier of (i) 60 days after the date on which the final payment of any salary or severance (exclusive of any other payments such as commissions, bonuses or reimbursements for expenses) due to you from the Company is made or (ii) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). The "vested portion" of the Option shall mean the portion thereof that is exercisable immediately prior to termination of your employment for any reason.

4.3 If your employment terminates by reason of your retirement (i) at or after age 65, or (ii) before the age of 65 but after age 55 provided you have been employed by the Company for at least 10 years and further subject to the specific approval of the Committee (including any limitations or conditions the Committee may, in its discretion, impose which are not inconsistent with the express terms of the Plan), then the unvested portion of the Option shall immediately become vested and the Option may be exercised until the earlier of (a) three years after termination of employment or (b) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). The Committee may in its discretion determine whether any leave of absence (including short-term or

long-term disability or medical leave) shall constitute a termination of employment for purposes of this Agreement.

4.4 If your employment terminates by reason of your (i) permanent disability (as determined by the Committee) and you have been employed by the Company for at least ten years, or (ii) death, then, in either case, the unvested portion shall immediately become vested and the Option shall be exercisable until the earlier of (a) three years after termination of your employment by reason of permanent disability or death or (b) the date on which the Option terminates or expires in accordance with the provisions of the Plan and this Agreement (other than this Section 4). In the case of your death, the Option shall be exercisable by the person to whom the Option passes under your will (or, if applicable, pursuant to the laws of descent and distribution).

#### SECTION 5. NON-TRANSFERABILITY.

No right granted to you under the Plan or this Agreement shall be assignable or transferable (whether by operation of law or otherwise and whether voluntarily or involuntarily), other than by will or by laws of descent and distribution. During your lifetime, all rights granted to you under the Plan or this Agreement shall be exercisable only by you .

#### SECTION 6. NO SHAREHOLDER RIGHTS.

You shall have no rights as a shareholder of the Company with respect to any shares subject to the Option until the date of the issuance of a stock certificate or certificates to you for such shares. Except for the adjustments made pursuant to Section 13 of the Plan, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

#### SECTION 7. PLAN PROVISIONS TO PREVAIL.

This Agreement shall be subject to all of the terms and provisions of the Plan, which are incorporated hereby and made a part hereof. If there is any inconsistency between any of the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

#### SECTION 8. OPTIONEE'S ACKNOWLEDGMENTS.

By entering into this Agreement you agree and acknowledge that (a) you have received and read a copy of the Plan and (b) none of the Company, the Board, the Committee, the

Affiliates (including their respective parents and subsidiaries) and their respective shareholders, officers, directors, employees, agents and counsel shall be liable for any action or determination with respect to the Plan or any award thereunder or this Agreement.

## CERTIFICATIONS

I, Efraim Grinberg, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 10, 2004

/s/ Efraim Grinberg

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Efraim Grinberg  
President and Chief Executive Officer

## CERTIFICATIONS

I, Eugene J. Karpovich, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Movado Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 10, 2004

/s/ Eugene J. Karpovich

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Eugene J. Karpovich  
Senior Vice President and  
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Movado Group, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Efraim Grinberg, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(i) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 10, 2004

/s/Efraim Grinberg  
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Efraim Grinberg  
President and  
Chief Executive Officer



CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Movado Group, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eugene J. Karpovich, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(i) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 10, 2004

/s/Eugene J. Karpovich

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Eugene J. Karpovich  
Senior Vice President and  
Chief Financial Officer

