

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

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934
For fiscal year ended January 31, 2005,

OR

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
(I.R.S. Employer
Identification No.)

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

07652
(Zip Code)

Registrant's Telephone Number, Including Area Code:(201) 267-8000

Securities Registered Pursuant to Section 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on which Registered
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Common stock, par value \$0.01 per share	New York Stock Exchange
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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 the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of July 31, 2004 was approximately \$297,563,403 (based on the closing sale price of the registrant's Common Stock on that date as reported on the New York Stock Exchange). For purposes of this computation, each share of Class A Common Stock is assumed to have the same market value as one share of Common Stock into which it is convertible and only shares of stock held by directors and executive officers were excluded.

The number of shares outstanding of the registrant's Common Stock and Class A Common Stock as of March 31, 2005 were 18,303,621 and 6,801,812, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to registrant's 2005 annual meeting of shareholders (the "Proxy Statement") are incorporated by reference in Part III hereof.

PART I

FORWARD-LOOKING STATEMENTS

Statements in this annual report on Form 10-K, including, without limitation, statements under Item 7 "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.

Item 1. Business

CORPORATE ORGANIZATION

Movado Group, Inc. is a designer, manufacturer, retailer and distributor of quality watches as well as proprietary jewelry, tabletop and accessory products, with prominent watch brands sold in almost every major category comprising the watch industry. Unless the context indicates otherwise, all references to the "Company" or "MGI" include Movado Group, Inc. and its subsidiaries. The Company was incorporated in New York in 1967 under the name North American Watch Corporation to acquire Piaget Watch Corporation and Corum Watch Corporation, which had been, respectively, the exclusive importers and distributors of Piaget and Corum watches in the United States since the 1950's. The Company changed its name to Movado Group, Inc. in 1996. The Company sold its Piaget and Corum distribution businesses in 1999 and 2000, respectively.

In 1970, the Company acquired the Swiss manufacturer of Concord watches, which had been manufacturing Concord watches since 1908, and in 1983, the Company acquired the U.S. distributor of Movado watches and substantially all the assets related to the Movado watch brand from the Swiss manufacturer of Movado watches. The Movado brand, which was established in 1881, has become the Company's largest brand.

On October 7, 1993, the Company completed a public offering of 2,666,667 shares of common stock, par value \$.01 per share (the "Common Stock"). On October 21, 1997, the Company completed a secondary stock offering in which 1,500,000 shares of Common Stock were issued. On May 21, 2001, the Company moved from the NASDAQ National Market to the New York Stock Exchange ("NYSE"). The Common Stock is traded on the NYSE under the trading symbol MOV.

On December 22, 2003, the Company signed a definitive agreement with LVMH Moët Hennessy Louis Vuitton ("LVMH") to acquire Ebel S.A. and the worldwide business related to the Ebel brand. On March 1, 2004, the Company completed the acquisition of Ebel with the exception of Ebel's business in Germany, which was completed on 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 operates internationally through wholly-owned subsidiaries in Switzerland, France, Germany, United Kingdom, Hong Kong, Canada, Japan, Singapore and Bermuda. Its executive offices are located in Paramus, New Jersey.

INDUSTRY OVERVIEW

The largest markets for watches are North America, Western Europe and Asia. The Company's watch brands include Movado, Ebel, Concord, ESQ, Coach, Tommy Hilfiger and as of March 21, 2005, Hugo Boss.

The Company divides the watch market into six principal categories as set forth in the following table:

Market Category	Suggested Retail Price Range	Primary Category of Movado Group, Inc. Brands
Exclusive	\$10,000 and over	Ebel and Concord
Luxury	\$1,500 to \$9,999	Ebel, Concord and Movado
Premium	\$500 to \$1,499	Movado
Moderate	\$100 to \$499	ESQ, Coach and Hugo Boss
Fashion Market	\$55 to \$99	Tommy Hilfiger
Mass Market	Less than \$55	-

The Company's Ebel and Concord watches compete primarily in the Luxury category of the market, although certain Ebel and Concord watches compete in the Exclusive category. The Company's Movado watches compete primarily in the Premium category of the market, although certain Movado watches compete in the Luxury category. The Company's Coach, ESQ and Hugo Boss brands compete in the Moderate category. The Company's Tommy Hilfiger brand competes in the Fashion category.

Exclusive Watches

Exclusive watches are usually made of precious metals, including 18 karat gold or platinum, and may be set with precious gems, including diamonds, emeralds, rubies and sapphires. These watches are primarily mechanical or quartz-analog watches. Mechanical watches keep time with intricate mechanical movements consisting of an arrangement of wheels, jewels and winding and regulating mechanisms. Quartz-analog

watches have quartz movements in which time is precisely calibrated to the regular frequency of the vibration of quartz crystal. Exclusive watches are manufactured almost entirely in Switzerland. In addition to the Company's Concord and Ebel watches, well-known brand names of Exclusive watches include Audemars Piguet, Patek Philippe, Piaget and Vacheron Constantin.

Luxury Watches

Luxury watches are either quartz-analog watches or mechanical watches. These watches typically are made with either 14 or 18 karat gold, stainless steel or a combination of gold and stainless steel, and are occasionally set with precious gems. Luxury watches are primarily manufactured in Switzerland. In addition to a majority of the Company's Concord and Ebel watches and certain Movado watches, well-known brand names of Luxury watches include Baume & Mercier, Breitling, Cartier, Omega, Rolex and TAG Heuer.

Premium Watches

The majority of Premium watches are quartz-analog watches. These watches typically are made with gold finish, stainless steel or a combination of gold finish and stainless steel. Premium watches are manufactured primarily in Switzerland, although some are manufactured in Asia. In addition to a majority of the Company's Movado watches, well-known brand names of Premium watches include Gucci, Rado and Raymond Weil.

Moderate Watches

Most Moderate watches are quartz-analog watches. Moderate watches are manufactured primarily in Asia and Switzerland. These watches typically are made with gold finish, stainless steel, brass or a combination of gold finish and stainless steel. In addition to the Company's ESQ, Coach and Hugo Boss brands, well-known brand names of watches in the Moderate category include Anne Klein, Bulova, Citizen, Gucci, Guess, Seiko and Wittnauer.

Fashion Market Watches

Watches comprising the Fashion Market are primarily quartz-analog watches but also include some digital watches. Digital watches, unlike quartz-analog watches, have no moving parts. Instead, time is kept by electronic microchips and is displayed as discrete Arabic digits illuminated on the watch face by light emitting diodes (LED's) or liquid crystal displays (LCD's). Watches in the Fashion Market category are generally made with stainless steel, gold finish, brass and/or plastic and are manufactured primarily in Asia. Fashion Market watches are based on designs and use features that attempt to reflect current and emerging fashion trends. Many are sold under licensed designer and brand names that are well-known principally in the apparel industry. In addition to the Company's Tommy Hilfiger brand, other well-known brands of Fashion Market watches include Anne Klein II, DKNY, Fossil, Guess, Kenneth Cole and Swatch.

Mass Market Watches

Mass Market watches typically consist of digital watches and analog watches made from stainless steel, brass and/or plastic and are manufactured in Asia. Well-known brands include Casio, Citizen, Pulsar, Seiko and Timex.

PRODUCTS

During fiscal 2005, the Company marketed six distinctive brands of watches: Movado, Ebel, Concord, ESQ, Coach and Tommy Hilfiger, which compete in the Exclusive, Luxury, Premium, Moderate and Fashion Market categories. The Company designs, manufactures and contracts for the assembly of Movado, Ebel and Concord watches primarily in Switzerland for sale throughout the world. ESQ and Tommy Hilfiger watches are manufactured to the Company's specifications by independent contractors located in Asia. ESQ watches are presently sold primarily in North America and the Caribbean. Tommy Hilfiger watches are presently sold throughout the world. Coach watches are assembled in Switzerland by independent contractors and sold primarily in North America and Japan.

Movado

Founded in 1881 in La Chaux-de-Fonds, Switzerland, the Movado brand today includes a line of watches based on the design of the world famous Movado Museum watch and a number of other watch collections with more traditional dial designs. The design for the Movado Museum watch was the first watch design chosen by the Museum of Modern Art for its permanent collection. It has since been honored by other museums throughout the world. All Movado watches have Swiss movements and are made with 14 or 18 karat gold, 18 karat gold finish, stainless steel or a combination of 18 karat gold finish and stainless steel. The majority of Movado watches have suggested retail prices between \$495 and \$4,000.

Ebel

The Ebel brand, one of the world's premier luxury watch brands, was established in La Chaux-de-Fonds, Switzerland in 1911. All Ebel watches feature Swiss movements and are made with solid 18 karat gold, stainless steel or a combination of 18 karat gold and stainless steel. The majority of Ebel watches have suggested retail prices between \$2,100 and \$26,000.

Concord

Concord was founded in 1908 in Bienne, Switzerland. All Concord watches have Swiss movements and are made with solid 18 karat or 14 karat gold, stainless steel or a combination of 18 karat gold and stainless steel. The majority of Concord watches have suggested retail prices between \$1,700 and \$16,500.

Coach

During fiscal 1999, the Company introduced Coach watches under an exclusive license with Coach, Inc. The majority of Coach watches contain Swiss movements and are made with stainless steel, gold finish or a combination of stainless steel and gold finish with leather straps, stainless steel bracelets or gold finish bracelets. The majority of Coach watches have suggested retail prices ranging from \$230 to \$600.

ESQ

ESQ was launched in the second half of fiscal 1993 under an exclusive license agreement with The Hearst Corporation. All ESQ watches contain Swiss movements and are made with stainless steel, gold finish or a combination of stainless steel and gold finish, with leather straps, stainless steel bracelets or gold finish bracelets. The ESQ brand consists of sport and fashion watches with features and styles comparable to more expensive watches. The majority of ESQ watches have suggested retail prices ranging from \$175 to \$325.

Tommy Hilfiger

The Company launched Tommy Hilfiger watches in March 2001, under an exclusive agreement with Tommy Hilfiger Licensing, Inc., marketed under the TOMMY HILFIGER(R) and TOMMY(R) labels. Tommy Hilfiger watches feature quartz, digital or analog-digital movements, with stainless steel, titanium, aluminum, silver-tone, two-tone or gold-tone cases and bracelets, and leather, fabric, plastic or rubber straps. The line includes fashion and sport models with the majority of Tommy Hilfiger watches having suggested retail prices ranging from \$65 to \$95.

RETAIL OPERATIONS

The Company operates in two retail sectors, the luxury boutique market and the outlet market. At January 31, 2005, the Company's retail operations consisted of 24 Movado Boutiques and 27 outlet stores. Three additional Movado Boutiques and one outlet are scheduled to open in the first half of fiscal year 2006. The Movado Boutiques, the first of which opened in 1998, sell selected models of Movado watches as well as proprietary jewelry, tabletop and accessory products. The outlet stores serve as an effective vehicle to sell discontinued models and factory seconds of all of the Company's watches, jewelry, tabletop and accessory products.

WARRANTY AND REPAIR

The Company has service facilities around the world including five Company-owned service facilities and 266 authorized independent service centers worldwide. In addition, as part of the acquisition of the Ebel business on March 1, 2004, the Company acquired the after-sale service operations of Ebel S.A. located in La Chaux-de-Fonds, Switzerland, those of its French subsidiary and contracts with approximately 70 independent Ebel service centers worldwide. The Company conducts training sessions for and distributes technical information and updates to repair personnel in order to maintain consistency and quality at its service facilities and authorized independent service centers. The Company's products are covered by limited warranties against defects in materials and workmanship for periods ranging from two to three years from the date of purchase for movements and up to five years for the gold plating on Movado watch casings and bracelets. Products that are returned under warranty to the Company are generally serviced by the Company's employees at its service facilities.

The Company retains adequate levels of component parts to facilitate after-sales service of its watches for an extended period of time after the discontinuance of such watches.

ADVERTISING

Advertising is important to the successful marketing of the Company's watches. Hence, the Company devotes significant resources to advertising. Since 1972, the Company has maintained its own in-house advertising department which today focuses primarily on the implementation and management of global marketing and advertising strategies. The Company utilizes the creative development of advertising campaigns from outside agencies. Advertising expenditures totaled approximately 16.2%, 16.1% and 16.8% of net sales in fiscal 2005, 2004 and 2003, respectively. Advertising is developed individually for each of the Company's watch brands as well as Movado Boutique jewelry products, and is directed primarily to the end consumer rather than to trade customers. In addition, advertising is developed by targeting consumers with particular demographic characteristics appropriate to the image and price range of the brand. Advertisements are placed predominantly in magazines and other print media, but are also created for radio and television campaigns, catalogs, outdoor and promotional materials.

BACKLOG

At March 31, 2005, the Company had unfilled orders of approximately \$21.4 million compared to \$20.2 million and \$15.0 million at March 31, 2004 and 2003, respectively. The unfilled orders include both confirmed orders and orders the Company believes will be confirmed based on the historic experience with the customers. It is customary for many of the Company's customers not to confirm their future orders with a formal purchase order until shortly before their desired delivery.

SOURCES AND AVAILABILITY OF SUPPLIES

Movado, Ebel and Concord watches are generally assembled in Switzerland by independent third party subcontract assemblers with some in-house assembly in Bienne, Switzerland and in La Chaux-de-Fonds, Switzerland. Movado, Ebel and Concord watches are assembled using Swiss movements and other components obtained from third party suppliers. Additionally, the Company manufactures some movements for the Ebel brand. The majority of Coach watches are assembled in Switzerland by independent assemblers using Swiss movements and other components obtained from third party suppliers in Switzerland and elsewhere. ESQ and Tommy Hilfiger watches are assembled by independent contractors in Asia. ESQ watches are manufactured using Swiss movements and other components purchased from third party suppliers principally located in Asia. Tommy Hilfiger watches are manufactured using movements and other components purchased from third party suppliers located in Asia.

A majority of the watch movements used in the manufacture of Movado, Ebel, Concord and ESQ watches are purchased from two suppliers. The Company obtains other watch components for all of its manufactured brands, including movements, cases, hands, dials, bracelets and straps from a number of other suppliers. Precious stones used in the Company's watches are purchased from various suppliers and are set in Switzerland. The Company does not have long-term supply contract commitments with any of its component parts suppliers.

COMPETITION

The markets for each of the Company's watch brands are highly competitive. With the exception of the Swatch Group, Ltd., a large Swiss-based competitor, no single company competes with the Company across all of its brands. Certain companies, however, compete with Movado Group, Inc. with respect to one or more of its watch brands. Certain of these companies have, and other companies that may enter the Company's markets in the future may have, substantially greater financial, distribution, marketing and advertising resources than the Company. The Company's future success will depend, to a significant degree, upon its continued ability to compete effectively with regard to, among other things, the style, quality, price, advertising, marketing, distribution and availability of supply of the Company's watches and other products.

TRADEMARKS, PATENTS AND LICENSE AGREEMENTS

The Company owns the trademarks MOVADO(R), EBEL(R) and CONCORD(R), as well as trademarks for the Movado Museum dial design, and related trademarks for watches and jewelry in the United States and in numerous other countries.

The Company licenses ESQUIRE(R), ESQ(R) and related trademarks on an exclusive basis for use in connection with the manufacture, distribution, advertising and sale of watches pursuant to an agreement with The Hearst Corporation ("Hearst License Agreement"). The current term of the Hearst License Agreement expires December 31, 2006, but contains options for renewal at the Company's discretion through December 31, 2018.

The Company licenses the trademark COACH(R) and related trademarks on an exclusive basis for use in connection with the manufacture, distribution, advertising and sale of watches pursuant to an agreement with Coach, Inc. ("Coach License Agreement"). The Coach License Agreement expires on January 31, 2008.

Under an agreement with Tommy Hilfiger Licensing, Inc. ("THLI"), the Company has been granted the exclusive license to use the trademark TOMMY HILFIGER(R) and related trademarks in connection with the manufacture of watches worldwide and in connection with the marketing, advertising, sale and distribution of watches at wholesale (and at retail through its outlet stores) in the Western Hemisphere, Europe, Pan Pacific, Latin America and Korea. The initial term of the license agreement with THLI expires December 31, 2006, but can be extended at the request of the Company through December 31, 2011, if the Company is in compliance with all material terms of the agreement.

The Company also owns, and has pending applications for, a number of design patents in the United States and internationally for various watch designs, as well as designs of watch cases, bracelets and jewelry.

The Company actively seeks to protect and enforce its intellectual property rights by working with industry associations, anti-counterfeiting organizations, private investigators and law enforcement authorities, including the United States Customs Service and, when necessary, sues infringers of its trademarks and patents. Consequently, the Company is involved from time to time in litigation or other proceedings to determine the enforceability, scope and validity of these rights. With respect to the trademarks MOVADO(R), EBEL(R), CONCORD(R) and certain other related trademarks, the Company has received exclusion orders that prohibit the importation of counterfeit goods or goods bearing confusingly similar trademarks into the United States. In accordance with Customs regulations, these exclusion orders, however, cannot cover the importation of gray-market Movado, Ebel and Concord watches because the Company is the manufacturer of such watches. All of the Company's exclusion orders are renewable.

On December 15, 2004, the Company entered into a License Agreement with Hugo Boss Trademark Management GmbH & Co ("Hugo Boss"). The Company received a worldwide exclusive license to use the trademark "HUGO BOSS" and any other trademarks of Hugo Boss containing the names HUGO or BOSS, in connection with the production, promotion and sale of watches. The Company is permitted to assign its rights and sublicense the trademarks to its affiliates (although the Company will remain liable after such assignment or sublicense under the License Agreement). The term of the license is March 21, 2005 through December 31, 2013, with an optional five-year renewal period.

EMPLOYEES

As of January 31, 2005, the Company had 1,219 full-time employees in its domestic and international operations. No employee of the Company is represented by a labor union or is subject to a collective bargaining agreement. The Company has never experienced a work stoppage due to labor difficulties and believes that its employee relations are good.

FINANCIAL INFORMATION ABOUT OPERATING SEGMENTS AND SEASONALITY

Overview

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, in addition to revenue generated from after-sales service activities and shipping. The Retail segment includes the Company's Movado Boutiques and its 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.

For operating segment data and geographic segment data for the years ended January 31, 2005, 2004 and 2003, see Note 14 of the Form 10-K on Segment Information.

Domestic Wholesale

The Company sells all of its brands in the domestic market primarily through major jewelry store chains such as Helzberg Diamonds Corp., Sterling, Inc. and Zales Corporation; department stores, such as Macy's, Neiman-Marcus, Saks Fifth Avenue and in other department stores through Finlay Fine Jewelry; and independent jewelers. Sales to trade customers in the United States, Canada and the Caribbean are made directly by the Company's sales organization of approximately 130 employees. Of these employees, sales representatives are responsible for a defined geographic territory, specialize in a particular brand and sell to and service the independent jewelers within their territory. Their compensation is based on salary plus commission. The sales force also consists of account executives and account representatives who, respectively, sell to and service the chain and department store accounts. The latter typically handle more than one of the Company's brands and are compensated based on salary and incentives. In South America, the Company primarily sells Tommy Hilfiger watches through independent distributors.

The Company's domestic sales are traditionally greater during the Christmas and holiday season. Consequently, the Company's net sales historically have been higher during the second half of the fiscal year. The second half of each year accounted for approximately 58.7%, 58.6% and 56.8% of the Company's net sales for the fiscal years ended January 31, 2005, 2004 and 2003, respectively. The amount of net sales and operating income generated during the second half of each fiscal year depends upon the general level of retail sales during the Christmas and holiday season, as well as economic conditions and other factors beyond the Company's control. The Company does not expect any significant change in the seasonality of its domestic business in the foreseeable future.

International Wholesale

The Company sells Movado, Concord and Coach watches and, as of March 1, 2004, Ebel watches, internationally through its own sales force of approximately 100 employees operating from the Company's sales and distribution offices in China, France, Germany, Hong Kong, Japan, Singapore, Switzerland, the UK and the United Arab Emirates. In addition, the Company sells Movado, Ebel, Concord, Coach and Tommy Hilfiger watches through a network of independent distributors operating in numerous countries around the world. A majority of the Company's arrangements with its international distributors are long-term, generally require certain minimum purchases and restrict the distributor from selling competitive products. Major selling seasons in certain international markets center on significant local holidays that occur in late winter or early spring.

Retail

The Company operates in two retail markets, the luxury boutique market and the outlet market. The Company operates 24 Movado Boutiques in the luxury boutique market, where Movado watches are sold as well as Movado jewelry, tabletop, accessories and other product line extensions. In the outlet market the Company operates 27 outlet stores, which sell the Company's discontinued models and factory seconds, and provide the Company with an organized and efficient method of reducing inventory without competing directly with trade customers.

AVAILABLE INFORMATION

The Company's Internet address is www.movadogroupinc.com and it makes available through that website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the same are electronically filed with, or furnished to, the Securities and Exchange Commission. The public may read any materials filed by the Company with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding the Company at www.sec.gov.

The Company has adopted and posted on its website at www.movadogroupinc.com a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including the Company's Chief Executive Officer, Chief Financial Officer and principal accounting and financial officers. The Company will post any amendments to the Code of Business Conduct and Ethics and any waivers that are required to be disclosed by SEC regulations on the Company's website. In addition, the Company's audit committee charter, compensation committee charter, nominating/corporate governance committee charter and corporate governance guidelines have been posted on the Company's website.

Item 2. Properties

The Company leases various facilities in the North America, Europe, the Middle East and Asia for its corporate, manufacturing, distribution and sales operations. As of January 31, 2005, the Company's leased facilities were as follows:

Location	Function	Square Footage	Lease Expiration
Moonachie, New Jersey	Watch assembly, distribution and repair	100,000	May 2010
Paramus, New Jersey	Executive offices	80,400	June 2013
Bienne, Switzerland	Corporate functions, watch sales, distribution, assembly and repair	53,600	January 2007
Villers le Lac, France	European service and watch distribution	12,800	January 2006
Markham, Canada	Office, distribution and repair	11,200	June 2007
Kowloon, Hong Kong	Watch sales, distribution and repair	9,200	June 2007
ChangAn Dongguan, China	Quality control and engineering	7,800	March 2009
Hackensack, New Jersey	Warehouse	6,600	July 2007
Munich, Germany	Watch sales	3,300	August 2008
Grenchen, Switzerland	Watch sales	2,800	December 2005
New York, New York	Public relations office	2,700	April 2008
Coral Gables, Florida	Caribbean office and watch sales	1,500	November 2006
Shanghai, China	Market research	1,100	July 2006
Singapore	Watch sales, distribution and repair	1,100	August 2006
Dubai, United Arab Emirates	Watch sales	730	July 2007
Richmond-Upon-Thames, England	Watch sales	500	June 2005
Tokyo, Japan	Watch sales	240	July 2007

The Company also leases retail space averaging 1,600 square feet per store with leases expiring from July 2005 to January 2015 for the operation of the Company's 27 outlet stores. In addition, the Company leases retail space for the operation of its Movado Boutiques, each of which averages 2,200 square feet (with the exception of the Company's Soho Boutique in New York City which is 4,700 square feet) under leases expiring from March 2006 to January 2016.

With the acquisition of the Ebel worldwide business on March 1, 2004, the Company acquired two properties totaling 16,000 square feet located in La Chaux-de-Fonds, Switzerland used for manufacturing, storage and public relations. In addition, the Company acquired an architecturally significant building in La Chaux-de-Fonds.

The Company also owns approximately 2,400 square feet of office space in Hanau, Germany, which it previously used for sales, distribution and watch repair functions. The Company is currently leasing out this facility.

The Company believes that its existing facilities are suitable and adequate for its current operations.

Item 3. Legal Proceedings

The Company is involved in certain legal proceedings arising in the normal course of its business. The Company believes that none of these proceedings, either individually or in the aggregate, will have a material adverse effect on the Company's operating results, liquidity or its financial position.

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

No matters were submitted to a vote of shareholders of the Company during the fourth quarter of fiscal 2005.

PART II

Item 5. Market for Registrant's Common Stock and Related Shareholder Matters

As of March 31, 2005, there were 50 holders of record of Class A Common Stock and, the Company estimates 3,682 beneficial owners of the Common Stock represented by 409 holders of record. The Common Stock is traded on the New York Stock Exchange under the symbol "MOV" and on March 31, 2005, the closing price of the Common Stock was \$18.50. The quarterly high and low split-adjusted closing prices for the fiscal years ended January 31, 2005 and 2004 were as follows:

Quarter Ended	Fiscal Year Ended January 31, 2005		Fiscal Year Ended January 31, 2004	
	Low	High	Low	High
April 30	\$12.63	\$15.31	\$ 8.55	\$ 9.98
July 31	\$14.30	\$17.24	\$ 9.68	\$11.91
October 31	\$13.02	\$17.81	\$10.11	\$11.87
January 31	\$17.16	\$18.95	\$12.36	\$15.49

In connection with the October 7, 1993 public offering, each share of the then currently existing Class A Common Stock was converted into 10.46 shares of new Class A Common Stock, par value of \$.01 per share (the "Class A Common Stock"). Each share of Common Stock is entitled to one vote per share and each share of Class A Common Stock is entitled to 10 votes per share on all matters submitted to a vote of the shareholders. Each holder of Class A Common Stock is entitled to convert, at any time, any and all such shares into the same number of shares of Common Stock. Each share of Class A Common Stock is converted automatically into Common Stock in the event that the beneficial or record ownership of such shares of Class A Common Stock is transferred to any person, except to certain family members or affiliated persons deemed "permitted transferees" pursuant to the Company's Amended Restated Certificate of Incorporation. The Class A Common Stock is not publicly traded and consequently, there is currently no established public trading market for these shares.

During the fiscal year ended January 31, 2004, the Board of Directors approved a \$0.03 per share dividend in the first quarter and a \$0.06 per share dividend in the second, third and fourth quarters on the Common Stock and Class A Common Stock. On March 10, 2004, the Board approved an increase in the quarterly cash dividend rate from \$0.06 to \$0.08 per share and approved a 2 for 1 stock split to be effected by means of a stock dividend distributable on June 25, 2004, to shareholders of record as of June 11, 2004, with shareholder approval of an increase in the number of authorized shares of Common Stock and Class A Common Stock at the annual shareholders meeting. During the fiscal year ended January 31, 2005, the Board of Directors approved four \$0.04 per share quarterly cash dividends, which reflects the effect of the fiscal 2005 2 for 1 stock split. On March 23, 2005, the Board approved an increase in the quarterly cash dividend rate from \$0.04 to \$0.05 per share. The declaration and payment of future dividends, if any, will be at the sole discretion of the Board of Directors and will depend upon the Company's profitability, financial condition, capital and surplus requirements, future prospects, terms of indebtedness and other factors deemed relevant by the Board of Directors. See Notes 5 and 6 to the Consolidated Financial Statements regarding contractual restrictions on the Company's ability to pay dividends.

Item 6. Selected Financial Data

The selected financial data presented below has been derived from the Consolidated Financial Statements. This information should be read in conjunction with, and is qualified in its entirety by, the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 of this report. Amounts are in thousands except per share amounts:

	Fiscal Year Ended January 31,				
	2005	2004	2003	2002	2001
Statement of Income Data:					
Net sales	\$ 418,966	\$ 330,214	\$ 300,077	\$ 299,725	\$ 320,841
Cost of sales	168,818	129,908	115,907	115,653	123,392
Gross profit	250,148	200,306	184,170	184,072	197,449
Selling, general and administrative (1) (2)	215,072	165,525	152,394	157,799	163,317
Operating income	35,076	34,781	31,776	26,273	34,132
Income from litigation settlement, net	1,444	-	-	-	-
Interest expense, net	3,430	3,044	3,916	5,415	6,443
Income before taxes and cumulative effect of a change in accounting principle	33,090	31,737	27,860	20,858	27,689
Provision for income taxes (3) (4)	6,783	8,886	7,801	3,735	6,922
Income before cumulative effect of a change in accounting principle	26,307	22,851	20,059	17,123	20,767
Cumulative effect of a change in accounting principle	-	-	-	(109)	-
Net income	\$ 26,307	\$ 22,851	\$ 20,059	\$ 17,014	\$ 20,767
Net income per share-Basic (5)	\$ 1.06	\$ 0.95	\$ 0.84	\$ 0.73	\$ 0.89
Net income per share-Diluted (5)	\$ 1.03	\$ 0.92	\$ 0.82	\$ 0.71	\$ 0.88
Basic shares outstanding (5)	24,708	24,101	23,739	23,366	23,302
Diluted shares outstanding (5)	25,583	24,877	24,381	24,014	23,733
Cash dividends declared per share (5)	\$ 0.16	\$ 0.105	\$ 0.06	\$ 0.06	\$ 0.0525
Balance Sheet Data (End of Period):					
Working capital (6)	\$ 303,696	\$ 252,883	\$ 219,420	\$ 153,932	\$ 154,637
Total assets	\$ 476,950	\$ 390,967	\$ 345,154	\$ 290,676	\$ 290,405
Total long-term debt	\$ 45,000	\$ 35,000	\$ 35,000	\$ 40,000	\$ 45,000
Shareholders' equity	\$ 316,558	\$ 274,713	\$ 236,212	\$ 172,470	\$ 159,470

(1) Fiscal 2005 includes a non-cash impairment charge of \$2.0 million recorded in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS No. 144").

(2) Fiscal 2002 includes a one-time severance and early retirement charge of \$2.7 million.

(3) The effective tax rate for fiscal 2005 was reduced to 20.5% principally as the result of adjustments in the fourth quarter relating to refunds from a retroactive Swiss tax ruling, a favorable U.S. tax accrual adjustment, and the recording of the tax benefit from an asset impairment in the U.S.

(4) The fiscal 2002 effective tax rate of 17.9% reflects a decrease in the Company's U.S. source earnings as a percentage of the overall earnings mix as compared to a fiscal 2001 effective rate of 25.0%.

(5) For all periods presented, basic and diluted shares outstanding, and the related "per share" amounts reflect the effect of the fiscal 2005 two-for-one stock split.

(6) The Company defines working capital as current assets less current liabilities.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

Wholesale Sales. The primary factors that influence annual sales are general economic conditions in the Company's domestic and international markets, new product introductions, the level and effectiveness of advertising and marketing expenditures and product pricing decisions.

Approximately 21.2% of the Company's total sales are from international markets and therefore reported sales made in those markets are affected by foreign exchange rates. Significant portions of the Company's international sales are billed in Swiss francs and translated to U.S. dollars at average exchange rates for financial reporting purposes. With the acquisition of Ebel in March of 2004 and the introduction of Hugo Boss watches, the Company expects that a slightly higher percentage of its total sales will be derived from international markets in the future.

The Company's business is seasonal. There are two major selling seasons in the Company's markets: the spring season, which includes school graduations and several holidays and, most importantly, the Christmas and holiday season. Major selling seasons in certain international markets center on significant local holidays that occur in late winter or early spring. The Company's net sales historically have been higher during the second half of the fiscal year. The second half of the fiscal year accounted for approximately 58.7%.

Retail Sales. The Company's retail operations consist of 24 Movado Boutiques and 27 outlet stores located throughout the United States. The Company does not have any retail operations outside of the United States.

The significant factors that influence annual sales volumes in the Company's retail operations are similar to those that influence domestic wholesale sales. In addition, many of the Company's outlet stores are located near vacation destinations and, therefore, the seasonality of these stores is driven by the peak tourist seasons associated with these locations.

Gross Margins. The Company's overall gross margins are primarily affected by four major factors: brand and product sales mix, product pricing strategy, manufacturing costs and the U.S. dollar/Swiss franc exchange rate. Gross margins for the Company may not be comparable to those of other entities, since some entities include all the costs related to its distribution network in cost of sales whereas the Company does not include the costs associated with the U.S. warehousing and distribution facility nor the occupancy costs for the retail segment in the cost of sales line item.

Gross margins vary among the brands included in the Company's portfolio and also among watch models within each brand. Watches in the luxury and premium price point categories generally earn lower gross margin percentages than moderate price models. Gross margins in the Company's outlet business are lower than those of the wholesale business since the outlets primarily sell seconds and discontinued models that generally command lower selling prices. Gross margins from the sale of watches in the Movado Boutiques exceed those of the wholesale business since the Company earns margins from manufacture to point of sale to the consumer.

All of the Company's brands compete with a number of other brands on the basis of not only styling but also wholesale and retail price. The Company's ability to improve margins through price increases is therefore, to some extent, constrained by competitors' actions.

Costs of sales of the Company's products consist primarily of component costs, internal assembly costs and unit overhead costs associated with the Company's supply chain operations in Switzerland and Asia. The Company's supply chain operations consist of logistics management of assembly operations and product

sourcing in Switzerland and Asia and assembly in Switzerland. Through productivity improvement efforts, the Company has controlled the level of overhead costs and maintained flexibility in its cost structure by outsourcing a significant portion of its component and assembly requirements and expects to extend this strategy over the near term.

Since a substantial amount of the Company's product costs are incurred in Swiss francs, fluctuations in the U.S. dollar/Swiss franc exchange rate can impact the Company's production costs and, therefore, its gross margins. The Company hedges its Swiss franc purchases using a combination of forward contracts, purchased currency options and spot purchases. The Company's hedging program had the effect of minimizing the exchange rate impact on product costs and gross margins.

Selling, General and Administrative ("SG&A") Expenses. The Company's SG&A expenses consist primarily of advertising, selling, distribution and general and administrative expenses. Annual advertising expenditures are based principally on overall strategic considerations relative to maintaining or increasing market share in markets that management considers to be crucial to the Company's continued success as well as on general economic conditions in the various markets around the world in which the Company sells its products.

Selling expenses consist primarily of salaries, sales commissions, sales force travel and related expenses, expenses associated with the Basel Watch and Jewelry Fair and other industry trade shows and operating costs incurred in connection with the Company's retail business. Sales commissions vary with overall sales levels. Retail selling expenses consist primarily of salaries and store rents.

Distribution expenses consist primarily of salaries of distribution staff, rental and other occupancy costs, security, depreciation and amortization of furniture and leasehold improvements and shipping supplies.

General and administrative expenses consist primarily of salaries and other employee compensation, employee benefit plan costs, office rent, management information systems costs, bad debts, patent and trademark expenses and various other general corporate expenses.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and those significant policies are more fully described in Note 1 to the Company's consolidated financial statements. The preparation of these financial statements and the application of certain critical accounting policies require management to make judgments based on estimates and assumptions that affect the information reported. On an on-going basis, management evaluates its estimates and judgments, including those related to sales discounts and markdowns, product returns, bad debt, inventories, income taxes, financing operations, warranty obligations, and contingencies and litigation. Management bases its estimates and judgments about the carrying values of assets and liabilities that are not readily apparent from other sources on historical experience, contractual commitments and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following are the critical accounting policies requiring significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue Recognition

In the wholesale segment, the Company recognizes its revenues upon transfer of title and risk of loss in accordance with its FOB shipping point terms of sale and after the sales price is fixed and determinable and collectibility is reasonably assured. In the retail segment, transfer of title and risk of loss occurs at the time of register receipt. The Company records estimates for sales returns, volume-based programs and sales and cash discount allowances as a reduction of revenue in the same period that the sales are recorded. These estimates are based upon historical analysis, customer agreements and/or currently known factors that arise in the normal course of business.

Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for amounts that may be uncollectible in the future. Estimates are used in determining the allowance for doubtful accounts and are based on the Company's on-going credit evaluations of the customers and customer payment history and account aging. While the actual bad debt losses have historically been within the Company's expectations and the allowances established, there can be no guarantee that the Company will continue to experience the same bad debt loss rates. As of January 31, 2005, the Company knew of no situations with any of the Company's major customers which would indicate the customer's inability to make their required payments.

Inventories

The Company values its inventory at the lower of cost or market using the first-in, first-out (FIFO) method. The cost of finished goods and component inventories, held by overseas subsidiaries, are determined using average cost. The Company's management regularly reviews its sales to customers and customers' sell through at retail to evaluate the adequacy of inventory reserves. Inventory with less than acceptable turn rates is classified as discontinued and, together with the related component parts which can be assembled into saleable finished goods, is sold through the Company's outlet stores. When management determines that finished product and components are unsaleable in the Company's outlet stores, a reserve is established for the cost of those products and components. These estimates could vary significantly, either favorably or unfavorably, from actual requirements depending on future economic conditions, customer inventory levels or competitive conditions which may differ from the Company's expectations.

Long-Lived Assets

The Company periodically reviews the estimated useful lives of its depreciable assets based on factors including historical experience, the expected beneficial service period of the asset, the quality and durability of the asset and the Company's maintenance policy including periodic upgrades. Changes in useful lives are made on a prospective basis unless factors indicate the carrying amounts of the assets may not be recoverable and an impairment write-down is necessary.

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). When such a determination has been made, management compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss is recognized during that period. The impairment loss is calculated as the difference between asset carrying values and the present value of estimated future cash flows or comparable market values, giving consideration to recent operating performance and pricing trends.

During the fourth quarter of fiscal 2005, the Company determined that the carrying value of its long-lived assets in the Movado Boutique located in the Soho section of New York City, might not be recoverable. The impairment review was performed pursuant to SFAS No. 144 because of an economic downturn affecting the Soho Boutique operations and revenue forecasts. As a result, the Company recorded a non-cash pretax impairment charge of \$2.0 million consisting of property, plant and equipment of \$0.8 million and other assets of \$1.2 million. The entire impairment charge is included in the selling, general and administrative expenses in the fiscal 2005 Consolidated Statements of Income. The Company will continue to operate this boutique. There were no impairment losses related to long-lived assets in fiscal 2004 or 2003.

Warranty

All watches sold by the Company are covered by limited warranties against defects in material and workmanship for periods ranging from two to three years from the date of purchase for movements and up to five years for the gold plating for Movado watch cases and bracelets. The Company records an estimate for future warranty costs based on historical repair costs. Warranty costs have historically been within the Company's expectations and the provisions established. If such costs were to substantially exceed estimates, this could have an adverse affect on the Company's operating results.

Income Taxes

The Company follows Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax laws and tax rates, in each jurisdiction the Company operates, and applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In addition, the amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be realized on a more-likely-than-not basis. The Company calculates estimated income taxes in each of the jurisdictions in which it operates. This process involves estimating actual current tax expense along with assessing temporary differences resulting from differing treatment of items for both book and tax purposes.

RESULTS OF OPERATIONS

The following is a discussion of the results of operations for fiscal 2005 compared to fiscal 2004 and fiscal 2004 compared to fiscal 2003 along with a discussion of the changes in financial condition during fiscal 2005.

The following are net sales by business segment (in thousands):

	Fiscal Year Ended January 31,		
	2005	2004	2003
Wholesale:			
Domestic	\$ 256,331	\$ 224,866	\$ 207,819
International	88,697	44,475	38,376
Retail	73,938	60,873	53,882
Net Sales	\$ 418,966	\$ 330,214	\$ 300,077

The following table presents the Company's results of operations expressed as a percentage of net sales for the fiscal years indicated:

	Fiscal Year Ended January 31,		
	2005	2004	2003
	% of net sales	% of net sales	% of net sales
Net sales	100.0%	100.0%	100.0%
Cost of sales	40.3%	39.3%	38.6%
Selling, general and administrative expenses	51.3%	50.1%	50.8%
Interest expense, net	0.8%	0.9%	1.3%
Net income	6.3%	6.9%	6.7%

Fiscal 2005 Compared to Fiscal 2004

Net Sales

Net sales in fiscal 2005 were \$419.0 million, or 26.9% above fiscal 2004 sales of \$330.2 million. For the year, sales increases were recorded in all brands and business segments.

Domestic Wholesale Net Sales

The domestic wholesale business increased by 14.0%, or \$31.5 million, to \$256.3 million, including Ebel sales of \$15.7 million. A sales increase of \$7.2 million was recorded in the Movado brand. The increase is attributed to new product introductions at more affordable price points as well as increased sell through at certain retailers in key customer chain stores. The Coach brand increased by \$2.3 million as a result of the introduction of fashion products in tandem with new product offerings by Coach, Inc. The Tommy Hilfiger watch business increased by \$4.4 million. This reflects the expansion into new doors in the North American marketplace as well as the continued strength of the Tommy Hilfiger watch business.

International Wholesale Net Sales

The international wholesale business was \$88.7 million and was above prior year by \$44.2 million or 99.4%, including Ebel sales of \$28.5 million. An increase of \$6.3 million was recorded in Tommy Hilfiger as a result of international market expansion. Coach, Concord and Movado increased by \$2.0 million, \$5.0 million and \$2.3 million, respectively, due to growth primarily recorded in Asia.

Retail Net Sales

Sales in the Company's retail segment increased by \$13.1 million, or 21.5%, to \$73.9 million. Comparable store sales increases of 11.2% were achieved in the Movado Boutiques. In addition, new store sales grew by \$10.4 million over the prior year. Comparable store sales in the Company outlet stores were flat year over year. At January 31, 2005, the Company operated 24 Movado Boutiques and 27 outlet stores as compared to 17 Movado Boutiques and 26 outlet stores at January 31, 2004.

Gross Margin

Gross margin for the year was \$250.1 million, an increase of \$49.8 million over prior year gross margin of \$200.3 million. The increase of \$49.8 million was due to increased sales of \$88.8 million. As a percent of sales, gross margin was 59.7% versus 60.7% in the prior year. The lower gross margin percentage was primarily attributed to a sales mix change due to the addition of Ebel and the increased sales of Tommy Hilfiger, where the gross margins are lower than the Company's historical average.

Selling, General and Administrative Expenses

SG&A expenses of \$215.1 million increased by \$49.5 million, or 29.9%, from \$165.5 million in fiscal 2004. The primary reasons for the increases were the addition of Ebel, which recorded \$28.3 million of incremental expenses, \$6.6 million of increased spending in support of the Movado Boutique expansion, higher payroll and related costs of \$6.4 million, additional marketing programs of \$1.3 million and other corporate initiatives of \$2.2 million, which included higher legal costs, costs incurred in connection with Sarbanes-Oxley implementation and costs associated with the acquisition of Ebel which could not be capitalized. In addition, in accordance with SFAS No. 144, the Company recorded a non-cash impairment charge of \$2.0 million which is included in SG&A.

Wholesale Operating Income

Operating income in the wholesale segment decreased by \$1.5 million to \$33.4 million. The effect of the addition of Ebel was an operating loss for the year of \$3.8 million. Excluding the loss of Ebel, operating income in the wholesale segment was \$37.2 million or an increase over prior year of \$2.3 million. The increase excluding the effect of Ebel is the net result of higher gross margin of \$14.9 million, partially offset by the increase in SG&A expenses of \$12.6 million.

The higher gross margin of \$14.9 million was the result of an increase in net sales of \$30.3 million. The increase in the SG&A expenses of \$12.6 million is primarily due to \$1.7 million in the wholesale segment as a result of the translation impact of the weak U.S. dollar, an increase of \$1.3 million in marketing spending, which includes support for the Movado expansion in China and support for the international market expansion of Tommy Hilfiger, higher payroll and related costs of \$6.4 million and \$2.2 million in other corporate initiatives including higher legal costs, costs incurred in connection with Sarbanes-Oxley implementation and costs associated with the acquisition of Ebel which could not be capitalized.

Retail Operating Income (Loss)

Operating income in the retail segment increased by \$1.8 million. The increase is the net result of higher gross margin of \$10.5 million partially offset by increased SG&A expenses of \$8.7 million.

The retail segment higher gross margin was due to a net sales increase of \$13.1 million. This was primarily due to comparable store sales increases in the Movado Boutiques of 11.2% and the opening of seven new Movado Boutiques and one new outlet store. The comparable store sales in the outlet stores were flat year over year.

The increase in SG&A expenses of \$8.7 million was primarily attributed to the costs associated with the opening of the seven new Movado Boutiques and one new outlet store of \$6.6 million and the effect of the impairment charge related to the Soho Boutique of \$2.0 million.

Income from Litigation Settlement

The Company recognized income for the year ended January 31, 2005 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, net income increased by \$0.8 million, or \$0.03 per diluted share.

Interest Expense

Interest expense for fiscal 2005 was \$3.4 million, reflecting a 12.7% increase over fiscal 2004 interest of \$3.0 million. The increase was primarily the result of higher average borrowings, which were \$58.0 million or 14.9% above the prior year. The increased borrowings were initiated to take advantage of low long-term rates and to improve the Company's capital structure.

Income Taxes

The Company's income tax provision amounted to \$6.8 million and \$8.9 million in fiscal 2005 and 2004 respectively. This represents an effective tax rate of 20.5% in fiscal 2005 compared to 28% for fiscal 2004. The lower effective tax rate for fiscal 2005 is primarily due to adjustments in the fourth quarter relating to refunds from a retroactive Swiss tax ruling, a favorable U.S. tax accrual adjustment and the recording of the tax benefit from an asset impairment in the U.S.

Fiscal 2004 Compared to Fiscal 2003

Net Sales

Net sales in fiscal 2004 were \$330.2 million, or 10.0% above fiscal 2003 sales of \$300.1 million. For the year, sales increases were recorded in all brands and business segments.

Domestic Wholesale Net Sales

The domestic wholesale business increased by 8.2%, or \$17.0 million, to \$224.9 million. A sales increase of \$7.2 million was recorded in the Movado brand with the opening of new doors in the chain and department store business. The Coach brand increased by \$3.4 million and was attributed to the introduction of fashion products in tandem with Coach, Inc. new product offerings. The Company intends to continue to provide products viewed as accessories to the Coach leather goods customer. The Concord brand increased by \$2.9 million and was fueled by the introduction of new, more accessibly priced steel products. The Tommy Hilfiger brand increased by \$2.0 million, which reflects the expansion into new doors in the North American marketplace.

International Wholesale Net Sales

The international wholesale business was \$44.5 million and was above prior year by 15.9%, or \$6.1 million. The effect of translating the weaker U.S. dollar resulted in an increase in net sales of \$3.9 million. Increases of \$5.2 million were recorded in Tommy Hilfiger as a result of international market expansion. The Movado business was below prior year by \$3.2 million as a result of difficult economic conditions in Europe and South America.

Retail Net Sales

Sales in the Company's retail segment increased by \$7.0 million, or 13.0%, to \$60.9 million. Comparable store sales increases of 20.1% were recorded in the Movado Boutiques. In addition, sales increases of \$3.8 million were recorded as a result of the expansion into seven new Movado Boutiques opened in fiscal 2004. At January 31, 2004, the Company operated 17 Movado Boutiques and 26 outlet stores as compared to 10 Movado Boutiques and 26 outlet stores at January 31, 2003.

Gross Margin

Gross margin for the year was \$200.3 million, an increase of \$16.1 million over prior year gross margin of \$184.2 million. The increase of \$16.1 million was largely due to increased sales of \$30.1 million. Included in these incremental margins were the effects of foreign currency translation which resulted in an increase in gross margin of \$3.2 million. As a percent of sales, gross margin was 60.7% versus 61.4% in the prior year. The lower gross margin percentage was primarily attributed to the effect of the increased sales mix of Tommy Hilfiger, where the gross margin for this business is lower than the Company's historical average.

Selling, General and Administrative Expenses

SG&A expenses of \$165.5 million reflect an increase of \$13.1 million from \$152.4 million in fiscal 2003. Included in the \$13.1 million increase in SG&A expenses is approximately \$2.7 million in higher costs as a result of the translation impact of the weak U.S. dollar. In addition, there was increased marketing spending of \$2.6 million, which included the new Movado television campaign, increased operating costs of approximately \$4.0 million to support the seven new Movado Boutiques, and \$4.1 million of higher payroll and related costs.

Wholesale Operating Income

Operating income in the wholesale segment increased by \$5.4 million to \$34.9 million. The increase is the net result of higher gross margin of \$12.6 million, partially offset by the increase in SG&A expenses of \$7.2 million.

The higher gross margin was the result of an increase in net sales of \$23.1 million. The principal reasons for the increase in the SG&A expenses of \$7.2 million were approximately \$2.7 million in the wholesale segment as a result of the translation impact of the weak U.S. dollar, an increase of \$1.8 million in marketing spending, which included the production and airing of the new Movado brand television campaign, and higher payroll and related costs of \$4.1 million.

Retail Operating Income (Loss)

Operating income in the retail segment decreased by \$2.4 million. The decrease was the net result of higher SG&A expenses of \$6.0 million partially offset by higher gross margin of \$3.6 million.

The retail segment higher gross margin was due to a net sales increase of \$7.0 million, primarily the result of opening seven new Movado Boutiques which accounted for \$3.8 million and comparable store sales increases in the Movado Boutiques of \$2.6 million. The increase in SG&A expenses of \$6.0 million was primarily due to costs associated with the opening of the new Movado Boutiques of approximately \$4.0 million, as well as increased spending in existing Movado Boutiques of \$1.2 million primarily to support the related back office infrastructure.

Interest Expense

Interest expense in fiscal 2004 declined by \$0.9 million from \$3.9 million in fiscal 2003 to \$3.0 million in fiscal 2004. The decrease was due to significantly lower weighted-average bank borrowings. The average borrowings for fiscal 2004 were \$50.5 million or 25.7% lower than fiscal 2003 borrowings of \$68.0 million. This was due to favorable cash flow and working capital management.

Income Taxes

The Company's income tax provision amounted to \$8.9 and \$7.8 million in fiscal 2004 and 2003, respectively. This represents a 28.0% effective tax rate in both fiscal years. Management believes that with the acquisition of Ebel, a slightly higher percentage of its total sales will be derived from lower tax rate international markets; thereby slightly reducing the Company's overall effective rate in fiscal 2005.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2005, the Company had \$63.8 million of cash and cash equivalents as compared to \$82.1 million in the comparable prior year period. The \$18.3 million decrease is primarily due to the use of \$43.5 million to fund the Ebel acquisition and capital expenditures of \$14.9 million, primarily to support the build out of the new retail stores, remodeling of existing stores and the expansion of office space in the corporate headquarters in Paramus, New Jersey. These investing activities were offset by \$30.2 million of cash provided by operating activities.

Cash generated by operating activities continues to be the Company's primary source to fund its growth initiatives and to pay dividends. In fiscal 2005, 2004 and 2003, the Company generated cash from operations of \$30.2 million, \$51.6 million and \$33.3 million, respectively.

Accounts receivable at January 31, 2005 was \$102.6 million as compared to \$88.8 million in the comparable prior year period. The \$13.8 million increase in accounts receivable reflects the addition of Ebel receivables of \$13.4 million and the negative effect of currency translation of \$0.9 million. Excluding these two factors, accounts receivable was \$0.5 million below the comparable prior year period. This decrease is the result of a shift in the mix of sales growth as well as improved global cash collections.

Inventories at January 31, 2005 were \$187.9 million as compared to \$121.7 million in the comparable prior year period. The \$66.2 million increase is primarily due to the addition of \$41.4 million of Ebel inventory. The remaining \$24.8 million increase in inventory resulted from the addition of \$5.7 million to support the retail growth strategy, an increase of \$3.2 million due to the effect of foreign currency translation and an increase of \$15.9 million in other brand inventory to support the expansion of the domestic and international wholesale business, including new products for introduction at the international trade fair held in Basel, Switzerland.

Cash provided by / (used) in financing activities amounted to \$3.6 million, (\$1.9) million and (\$11.1) million in fiscal 2005, 2004 and 2003, respectively. Cash provided by financing activities during fiscal 2005 was primarily the result of a net increase in long-term debt of \$10.0 million partially offset by the payment of a \$5.2 million mortgage assumed as part of the Ebel acquisition.

At January 31, 2005, the Company paid off its Senior Notes due January 31, 2005, which were originally issued in a private placement completed in fiscal 1994. These notes had required annual principal payments of \$5.0 million since January 1998 and bore interest of 6.56% per annum. The Company repaid \$10.0 million of the final principal due in fiscal 2005. The Company did not repay any principal in fiscal 2004 due to the timing of when principal payment was due. At January 31, 2005, no principal of these notes remained outstanding.

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. At January 31, 2005, \$25.0 million was issued and outstanding.

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 Note 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 and are subject to annual repayments of \$5.0 million commencing on October 8, 2008. 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 January 31, 2005, \$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. The Company had no outstanding borrowings under its bank lines at January 31, 2005 and January 31, 2004. 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 May 15, 2006.

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 and 8.8 million Swiss francs, with dollar equivalents of approximately \$6.7 million and \$7.0 million at January 31, 2005 and 2004, 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 January 31, 2005, the Swiss bank has guaranteed the Company's Swiss subsidiary's obligations to certain Swiss third parties in the amount of approximately \$2.8 million in various foreign currencies. As of January 31, 2005, 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 buy-back program. There were no shares repurchased under the repurchase program during fiscal 2005 or fiscal 2004. As of January 31, 2005, the Company had authorization to repurchase shares up to \$4.5 million against an aggregate authorization of \$30.0 million.

For fiscal 2005, treasury shares increased by 336,854 as the result of cashless exercises of stock options for 821,957 shares of stock.

Cash dividends in fiscal 2005 amounted to \$4.0 million compared to \$2.5 million in fiscal 2004 and \$1.6 million in fiscal 2003.

At January 31, 2005, the Company had working capital of \$303.7 million as compared to \$252.9 million in the prior year. The Company defines working capital as the difference between current assets and current liabilities. The Company expects that annual capital expenditures in the near term will approximate the fiscal 2005 levels. Management believes that the cash on hand in addition to the expected cash flow from operations and the Company's short-term borrowing capacity will be sufficient to meet its working capital needs for at least the next 12 months.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Payments due by period (in thousands):

	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
Contractual Obligations:					
Long-Term Debt Obligations (1)	\$ 45,000	-	\$ 10,000	\$ 20,000	\$ 15,000
Interest Payments on Long-Term Debt (1)	10,789	1,820	6,497	2,060	412
Operating Lease Obligations (2)	80,597	12,186	21,444	17,610	29,357
Purchase Obligations (3)	34,663	34,663	-	-	-
Total Contractual Obligations	\$ 171,049	\$ 48,669	\$ 37,941	\$ 39,670	\$ 44,769

(1) The Company has long-term debt obligations and related interest payments of \$55.8 million related to Series A-2004 Senior Notes and Series A Senior Notes further discussed in "Liquidity and Capital Resources".

(2) Includes store operating leases, which generally provide for payment of direct operating costs in addition to rent. These obligation amounts include future minimum lease payments and exclude such direct operating costs.

(3) The Company had outstanding purchase obligations with suppliers at the end of fiscal 2005 for raw materials, finished watches and packaging in the normal course of business. These purchase obligation amounts do not represent total anticipated purchases but represent only amounts to be paid for items required to be purchased under agreements that are enforceable, legally binding and specify minimum quantity, price and term.

Off-Balance Sheet Arrangements

The Company does not have off-balance sheet financing or unconsolidated special-purpose entities.

RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 151, "Inventory Costs", an amendment of ARB No. 43, Chapter 4 ("SFAS No. 151"). The amendments made by SFAS No. 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 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.

On December 16, 2004, the FASB issued Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment", which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123(R)"). SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and amends FASB Statement No. 95, "Statement of Cash Flows". Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Public entities are required to apply SFAS No. 123(R) as of the first annual reporting period that begins after June 15, 2005.

The Company continued to use the intrinsic value based method of accounting for share-based payments. The Company uses the Black-Scholes formula to estimate the value of stock options granted to employees. SFAS No. 123(R) requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement may reduce net operating cash flows and increase net financing cash flows in periods after adoption. The Company is currently assessing the impact of this pronouncement on its consolidated statement of operations and its consolidated statement of cash flows.

Also in December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, "Exchanges of Nonmonetary Assets--An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS No. 153"). SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions", and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for the fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Company's current financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Foreign Currency Exchange Rate Risk

The Company's primary market risk exposure relates to foreign currency exchange risk (see Note 7 to the Consolidated Financial Statements). 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 manages most of its foreign currency exposures on a consolidated basis, which allows it to net certain exposures and take advantage of natural offsets. The Company uses various derivative financial instruments to further reduce the net exposures to currency fluctuations, predominantly forward and option contracts. These derivatives either (a) are used to hedge the Company's Swiss franc liabilities and are recorded at fair value with the changes in fair value reflected in earnings or (b) are documented as SFAS No. 133 cash flow hedges with the gains and losses on this latter hedging activity first reflected in other comprehensive income, and then later classified into earnings. In both cases, the earnings impact is partially offset by the effects of currency movements on the underlying hedged transactions. If the Company did not engage in a hedging program, any change in the Swiss franc to local currency would have an equal effect on the Company's cost of sales. In addition, the Company hedges its Swiss franc payable exposure with forward contracts. As of January 31, 2005, the Company's entire net forward contracts hedging portfolio consisted of 239.0 million Swiss francs equivalent for various expiry dates ranging through January 27, 2006. The Company also has 30.0 million Swiss franc option contracts related to cash flow hedges for various expiry dates ranging through October 31, 2005.

The Company's Board of Directors authorized the hedging of the Company's 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. As of January 31, 2005, the Company's purchased option hedge portfolio related to net investment hedging amounted to 50.0 million Swiss francs with various expiry dates ranging through September 27, 2006.

Commodity Risk

Additionally, the Company has a hedging program related to gold used in the manufacturing of the Company's watches. Under this hedging program, the Company purchases various commodity derivative instruments, primarily future contracts. These derivatives are documented as SFAS No. 133 cash flow hedges, and gains and losses on these derivative instruments are first reflected in other comprehensive income, and later reclassified into earnings, partially offset by the effects of gold market price changes on the underlying actual gold purchases. If the Company did not engage in a gold hedging program, any changes in the gold price would have an equal effect on the Company's cost of sales. The Company did not hold any futures contracts in its gold hedge portfolio related to cash flow hedges as of January 31, 2005.

Debt and Interest Rate Risk

In addition, the Company has certain debt obligations with variable interest rates, which are based on LIBOR plus a fixed additional interest rate. The Company does not hedge these interest rate risks. The Company also has certain debt obligations with fixed interest rates. The differences between the market based interest rates at January 31, 2005, and the fixed rates were unfavorable. The Company believes that a 1% change in interest rates would affect the Company's net income by approximately \$0.2 million, which is not material.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Schedule Number -----	Page Number -----
Management's Annual Report on Internal Control Over Financial Reporting		F-1
Report of Independent Registered Public Accounting Firm		F-2
Consolidated Statements of Income for the fiscal years ended January 31, 2005, 2004 and 2003		F-4
Consolidated Balance Sheets at January 31, 2005 and 2004		F-5
Consolidated Statements of Cash Flows for the fiscal years ended January 31, 2005, 2004 and 2003		F-6
Consolidated Statements of Changes in Shareholders' Equity for the fiscal years ended January 31, 2005, 2004 and 2003		F-7
Notes to Consolidated Financial Statements		F-8 to F-30
Valuation and Qualifying Accounts and Reserves	II	S-1

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 Company's disclosure controls and procedures, as such terms are defined in Rule 13a-15(e) under the Securities Exchange Act, as amended (the "Exchange Act"). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended January 31, 2005, 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 a reasonable level of 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.

See Financial Statements and Supplementary Data for Management's Annual Report on Internal Control Over Financial Reporting and Report of Independent Registered Public Accounting Firm containing an attestation thereto.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item is included in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the captions "Election of Directors" and "Management" and is incorporated herein by reference.

Information on the beneficial ownership reporting for the Company's directors and executive officers is contained in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

Information on the Company's Audit Committee and Audit Committee Financial Expert is contained in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the caption "Information Regarding the Board of Directors and Its Committees" and is incorporated herein by reference.

The Company has adopted and posted on its website at www.movadogroupinc.com a Code of Business Conduct and Ethics that applies to all directors, officers and employees, including the Company's Chief Executive Officer, Chief Financial Officer and principal financial and accounting officers. The Company will post any amendments to the Code of Business Conduct and Ethics, and any waivers that are required to be disclosed by SEC regulations, on the Company's website.

Item 11. Executive Compensation

The information required by this item is included in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the captions "Executive Compensation" and "Compensation of Directors" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is included in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this item is included in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the caption "Certain Relationships and Related Transactions" and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item is included in the Company's Proxy Statement for the 2005 annual meeting of shareholders under the caption "Fees Paid to PricewaterhouseCoopers LLP" and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

1. Financial Statements:

See Financial Statements Index on page 27 included in Item 8 of Part II of this annual report.

2. Financial Statement Schedule:

Schedule II	Valuation and Qualifying Accounts and Reserves
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All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits:

Incorporated herein by reference is a list of the Exhibits contained in the Exhibit Index on pages 33 through 40 of this annual report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities 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: April 18, 2005

By: /s/ Gedalio Grinberg

Gedalio Grinberg
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Dated: April 18, 2005

/s/ Gedalio Grinberg

Gedalio Grinberg
Chairman of the Board of Directors

Dated: April 18, 2005

/s/ Efraim Grinberg

Efraim Grinberg
President and Chief Executive Officer

Dated: April 18, 2005

/s/ Richard J. Cote

Richard J. Cote
Executive Vice President and
Chief Operating Officer

Dated: April 18, 2005

/s/ Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President and
Chief Financial Officer

Dated: April 18, 2005

/s/ Margaret Hayes Adame

Margaret Hayes Adame
Director

Dated: April 18, 2005

/s/ Donald Oresman

Donald Oresman
Director

Dated: April 18, 2005

/s/ Leonard L. Silverstein

Leonard L. Silverstein
Director

Dated: April 18, 2005

/s/ Alan H. Howard

Alan H. Howard
Director

Dated: April 18, 2005

/s/ Nathan Leventhal

Nathan Leventhal
Director

Dated: April 18, 2005

/s/ Michael J. Hand

Michael J. Hand
Vice President,
Corporate Controller and
Principal Accounting Officer

EXHIBIT INDEX

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
3.1	Restated By-Laws of the Registrant. Incorporated by reference to Exhibit 3.1 filed with the Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
3.2	Restated Certificate of Incorporation of the Registrant as amended. Incorporated herein by reference to Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended July 31, 1999.	
4.1	Specimen Common Stock Certificate. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
4.2	Note Purchase and Private Shelf Agreement dated as of November 30, 1998 between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1999.	
4.3	Note Purchase and Private Shelf Agreement dated as of March 21, 2001 between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2001.	
4.4	Amendment dated as of March 21, 2004 to Note Purchase and Private Shelf Agreement dated as of March 21, 2001 between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2004.	
10.1	Amendment Number 1 to License Agreement dated December 9, 1996 between the Registrant as Licensee and Coach, a division of Sara Lee Corporation as Licensor, dated as of February 1, 1998. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1998.	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
10.2	Agreement, dated January 1, 1992, between The Hearst Corporation and the Registrant, as amended on January 17, 1992. Incorporated herein by reference to Exhibit 10.8 filed with the Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.3	Letter Agreement between the Registrant and The Hearst Corporation dated October 24, 1994 executed October 25, 1995 amending License Agreement dated as of January 1, 1992, as amended. Incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1995.	
10.4	Registrant's 1996 Stock Incentive Plan amending and restating the 1993 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1996. *	
10.5	Lease dated August 10, 1994 between Rockefeller Center Properties, as landlord and SwissAm, Inc., as tenant for space at 630 Fifth Avenue, New York, New York. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1994.	
10.6	Death and Disability Benefit Plan Agreement dated September 23, 1994 between the Registrant and Gedalio Grinberg. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1994. *	
10.7	Registrant's amended and restated Deferred Compensation Plan for Executives effective June 17, 2004. *	
10.8	License Agreement dated December 9, 1996 between the Registrant and Sara Lee Corporation. Incorporated herein by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1997.	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
10.9	First Amendment to Lease dated April 8, 1998 between RCPI Trust, successor in interest to Rockefeller Center Properties ("Landlord") and Movado Retail Group, Inc., successor in interest to SwissAm, Inc. ("Tenant") amending lease dated August 10, 1994 between Landlord and Tenant for space at 630 Fifth Avenue, New York, New York. Incorporated herein by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
10.10	Second Amendment dated as of September 1, 1999 to the December 1, 1996 License Agreement between Sara Lee Corporation and Registrant. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999.	
10.11	License Agreement entered into as of June 3, 1999 between Tommy Hilfiger Licensing, Inc. and Registrant. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999.	
10.12	Severance Agreement dated December 15, 1999, and entered into December 16, 1999 between the Registrant and Richard J. Cote. Incorporated herein by reference to Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2000. *	
10.13	Lease made December 21, 2000 between the Registrant and Mack-Cali Realty, L.P. for premises in Paramus, New Jersey together with First Amendment thereto made December 21, 2000. Incorporated herein by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2000.	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
10.14	Lease Agreement dated May 22, 2000 between Forsgate Industrial Complex and the Registrant for premises located at 105 State Street, Moonachie, New Jersey. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended April 30, 2000.	
10.15	Second Amendment of Lease dated July 26, 2001 between Mack-Cali Realty, L.P., as landlord, and Movado Group, Inc., as tenant, further amending lease dated as of December 21, 2000. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended October 31, 2001.	
10.16	Third Amendment of Lease dated November 6, 2001 between Mack-Cali Realty, L.P., as lessor and Movado Group, Inc., as lessee, for additional space at Mack-Cali II, One Mack Drive, Paramus, New Jersey. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended October 31, 2001.	
10.17	Amendment Number 2 to Registrant's 1996 Stock Incentive Plan dated March 16, 2001. Incorporated herein by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2002.*	
10.18	Amendment Number 3 to Registrant's 1996 Stock Incentive Plan approved June 19, 2001. Incorporated herein by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2002.*	
10.19	Amendment Number 3 to License Agreement dated December 9, 1996, as previously amended, between the Registrant, Movado Watch Company S.A. and Coach, Inc. dated as of January 30, 2003. Incorporated herein by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2002.	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
10.20	Amended and Restated Master Promissory Note Agreement dated June 21, 2001 between the Registrant and Fleet National Bank. Incorporated herein by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2002.	
10.21	Line of Credit Letter Agreement dated August 20, 2001 between the Registrant and The Bank of New York. Incorporated herein by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2002.	
10.22	First Amendment to the License Agreement dated June 3, 1999 between Tommy Hilfiger Licensing, Inc., Registrant and Movado Watch Company S.A. entered into January 16, 2002. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2002.	
10.23	Second Amendment to the License Agreement dated June 3, 1999 between Tommy Hilfiger Licensing, Inc., Registrant and Movado Watch Company S.A. entered into August 1, 2002. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2002.	
10.24	Amendment dated August 5, 2004 to Line of Credit Agreement between the Registrant and The Bank of New York dated August 20, 2001. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2004.	
10.25	Line of Credit Letter Agreement dated June 20, 2004 between the Registrant and Fleet National Bank and Second Amended and Restated Promissory Note as of June 20, 2004. Incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2004.	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
10.26	Endorsement Agreement dated as of April 4, 2003 between the Registrant and The Grinberg Family Trust. Incorporated herein by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2003.	
10.27	Revolving Credit Agreement dated June 17, 2003 between the Registrant, Concord Watch Company S.A., Movado Watch Company S.A., the Lenders signatory thereto and JP Morgan Chase Bank as Administrative Agent, Swingline Bank and Issuing Bank. Incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 30, 2003.	
10.28	Third Amendment to License Agreement dated June 3, 1999 between Tommy Hilfiger Licensing, Inc. and the Registrant entered into as of May 7, 2004. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 2004.	
10.29	Amendment dated October 29, 2004 to the Credit Agreement dated as of June 17, 2003 between the Registrant, MGI Luxury Group S.A., Movado Watch Company S.A., each of the lenders signatory to such Credit Agreement and JP Morgan Chase Bank. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 2004.	
10.30	Employment Agreement dated August 27, 2004 between the Registrant and Mr. Eugene J. Karpovich. Incorporated herein by reference to Exhibit 10.2 the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 2004. *	
10.31	Employment Agreement dated August 27, 2004 between the Registrant and Mr. Frank Kimick. Incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 2004. *	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
10.32	Employment Agreement dated August 27, 2004 between the Registrant and Mr. Timothy F. Michno. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 2004. *	
10.33	Master Credit Agreement dated August 17, 2004 and August 20, 2004 between MGI Luxury Group S.A. and UBS AG. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2004.	
10.34	Fourth Amendment to License Agreement dated June 3, 1999 between Tommy Hilfiger Licensing, Inc. and the Registrant entered into as of June 25, 2004. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2004.	
10.35	Waiver and Amendment dated as of February 27, 2004 among the Registrant, Concord Watch Company S.A., Movado Watch Company S.A., each of the Lenders signatory to the Credit Agreement and JP Morgan Chase Bank as Administrative Agent, Swingline Bank and Issuing Bank. Incorporated herein by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2004.	
10.36	Fifth Amendment of Lease dated October 20, 2003 between Mack-Cali Realty, L.P. as landlord and the Registrant as tenant further amending the lease dated as of December 21, 2000. Incorporated herein by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2004.	
10.37	Registrant's 1996 Stock Incentive Plan, amended and restated as of April 8, 2004.*	
10.38	License Agreement entered into December 15, 2004 between MGI Luxury Group S.A. and Hugo Boss Trade Mark Management GmbH & Co.**	
21.1	Subsidiaries of the Registrant.	
23.2	Consent of PricewaterhouseCoopers LLP.	

Exhibit Number -----	Description -----	Sequentially Numbered Page -----
31.1	Certification of Chief Executive Officer.	
31.2	Certification of Chief Financial Officer.	
32.1	Certification of 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 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.

** Confidential portions of Exhibit 10.38 have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

Management's Annual Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such terms is defined in Rule 13a-15(f) under the Exchange Act, for the Company. With the participation of the Chief Executive Officer and the Chief Financial Officer, the Company's management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that the Company's internal control over financial reporting was effective as of January 31, 2005.

Management's assessment of the effectiveness of our internal control over financial reporting as of January 31, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Movado Group Inc.:

We have completed an integrated audit of Movado Group, Inc.'s 2005 consolidated financial statements and of its internal control over financial reporting as of January 31, 2005 and audits of its 2004 and 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Movado Group, Inc. and its subsidiaries at January 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in "Management's Annual Report on Internal Control Over Financial Reporting", that the Company maintained effective internal control over financial reporting as of January 31, 2005 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP
Florham Park, New Jersey
April 18, 2005

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

	Fiscal Year Ended January 31,		
	2005	2004	2003
Net sales	\$418,966	\$330,214	\$300,077
Cost of sales	168,818	129,908	115,907
Gross profit	250,148	200,306	184,170
Selling, general and administrative	215,072	165,525	152,394
Operating income	35,076	34,781	31,776
Income from litigation settlement, net	1,444	-	-
Interest expense, net	3,430	3,044	3,916
Income before income taxes	33,090	31,737	27,860
Provision for income taxes	6,783	8,886	7,801
Net income	\$ 26,307	\$ 22,851	\$ 20,059
Basic income per share:			
Net income per share	\$1.06	\$0.95	\$0.84
Weighted basic average shares outstanding	24,708	24,101	23,739
Diluted income per share:			
Net income per share	\$1.03	\$0.92	\$0.82
Weighted diluted average shares outstanding	25,583	24,877	24,381

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	January 31,	
	2005	2004
ASSETS		

Current assets:		
Cash	\$ 63,782	\$ 82,083
Trade receivables, net	102,622	88,800
Inventories, net	187,890	121,678
Other	32,758	27,932
	-----	-----
Total current assets	387,052	320,493
Property, plant and equipment, net	50,283	42,112
Other assets	39,615	28,362
	-----	-----
Total assets	\$ 476,950	\$ 390,967
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current liabilities:		
Current portion of long-term debt	-	\$ 10,000
Accounts payable	38,488	23,631
Accrued payroll and benefits	10,747	8,033
Accrued liabilities	28,871	17,748
Current taxes payable	-	2,237
Deferred income taxes	5,250	5,961
	-----	-----
Total current liabilities	83,356	67,610
Long-term debt	45,000	25,000
Deferred and noncurrent income taxes	14,827	12,195
Other liabilities	17,209	11,449
	-----	-----
Total liabilities	160,392	116,254
	-----	-----
Commitments and contingencies (Note 11)		
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; 22,580,459 and 21,754,600 shares issued, respectively	226	218
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized; 6,801,812 and 6,801,812 shares issued and outstanding, respectively	68	68
Capital in excess of par value	100,289	89,348
Retained earnings	214,953	192,601
Accumulated other comprehensive income	48,707	34,473
Treasury Stock, 4,433,553 and 4,112,520 shares at cost, respectively	(47,685)	(41,995)
	-----	-----
Total shareholders' equity	316,558	274,713
	-----	-----
Total liabilities and shareholders' equity	\$ 476,950	\$ 390,967
	=====	=====

See Notes to Consolidated Financial Statements

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

	Fiscal Year Ended January 31,		
	2005	2004	2003
Cash flows from operating activities:			
Net income	\$ 26,307	\$ 22,851	\$ 20,059
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,603	9,973	8,369
Impairment of long-lived assets	2,025	-	-
Deferred and noncurrent income taxes	8,132	10,101	(294)
Provision for losses on accounts receivable	2,072	2,290	1,987
Provision for inventories	3,221	993	830
(Gain) loss on disposition of property, plant and equipment	(253)	109	-
Tax benefit from stock options exercised	2,554	2,511	489
Changes in current assets and liabilities:			
Trade receivables	1,422	4,583	(2,602)
Inventories	(29,587)	(6,248)	(4,815)
Other current assets	5,716	12,179	14,236
Accounts payable	11,248	160	(2,989)
Accrued liabilities	(6,615)	987	(2,734)
Accrued payroll and benefits	2,714	2,023	(811)
Deferred and current taxes payable	(9,474)	(9,370)	2,465
Other noncurrent assets	(6,253)	(4,997)	(248)
Other noncurrent liabilities	4,358	3,502	(636)
Net cash provided by operating activities	30,190	51,647	33,306
Cash flows from investing activities:			
Capital expenditures	(14,947)	(10,830)	(6,525)
Investment in Ebel (1)	(43,525)	-	-
Trademarks	(1,000)	(653)	(514)
Net cash used in investing activities	(59,472)	(11,483)	(7,039)
Cash flows from financing activities:			
Repayment of Senior Notes	(10,000)	-	(5,000)
Repayment of current bank borrowings	-	-	(6,500)
Payment of Ebel mortgage	(5,187)	-	-
Proceeds of Senior Notes	20,000	-	-
Stock options exercised and other changes	3,830	2,568	2,172
Dividends paid	(3,955)	(2,537)	(1,602)
Repurchase of treasury stock	(1,127)	(1,979)	(135)
Net cash provided by (used in) financing activities	3,561	(1,948)	(11,065)
Effect of exchange rate changes on cash and cash equivalents	7,420	5,502	6,192
Net (decrease) increase in cash and cash equivalents	(18,301)	43,718	21,394
Cash and cash equivalents at beginning of year	82,083	38,365	16,971
Cash and cash equivalents at end of year	\$ 63,782	\$ 82,083	\$ 38,365
	=====	=====	=====
(1) 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.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except per share amounts)

	Preferred Stock	Common Stock	Class A Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock
Balance, January 31, 2002	\$ -	\$ 98	\$ 35	\$ 69,484	\$153,830	(\$ 23,286)	(\$27,691)
Net income					20,059		
Dividends (\$0.06 per share)					(1,602)		
Stock options exercised, net of tax of \$489		2		2,631			(135)
Employee stock bonus plan							85
Supplemental executive retirement plan				30			
Net unrealized loss on investments, net of tax of \$25						(82)	
Net change in effective portion of hedging contracts, net of tax of \$2,709						4,584	
Foreign currency translation adjustment						38,170	
Conversion of Class A Common Stock to Common Stock		1	(1)				
Balance, January 31, 2003	\$ -	\$ 101	\$ 34	\$ 72,145	\$172,287	\$ 19,386	(\$27,741)
Net income					22,851		
Dividends (\$0.105 per share)					(2,537)		
Stock options exercised, net of tax of \$2,511		8		16,861			(14,254)
Supplemental executive retirement plan				170			
Restricted stock amortization less cancellations				315			
Net unrealized gain on investments, net of tax of \$89						139	
Net change in effective portion of hedging contracts, net of tax of \$2,212						(3,434)	
Foreign currency translation adjustment						18,382	
Balance, January 31, 2004	\$ -	\$ 109	\$ 34	\$ 89,491	\$192,601	\$ 34,473	(\$41,995)
Net income					26,307		
Stock split adjustment		109	34	(143)			
Dividends (\$0.16 per share)					(3,955)		
Stock options exercised, net of tax of \$2,554		8		10,010			(5,690)
Supplemental executive retirement plan				107			
Restricted stock amortization less cancellations				824			
Net unrealized gain on investments, net of tax of \$18						39	
Net change in effective portion of hedging contracts, net of tax of \$134						366	
Foreign currency translation adjustment						13,829	
Balance, January 31, 2005	\$ -	\$ 226	\$ 68	\$ 100,289	\$214,953	\$ 48,707	(\$47,685)

Note: Balances prior to fiscal 2004 within the Consolidated Statements of Changes in Shareholders' Equity have not been split-adjusted.

(Shares information in thousands)	Common Stock	Class A Common	Treasury Stock
Beginning balance, January 31, 2002	19,596	6,966	(3,088)
Stock issued to employees exercising stock options	356	-	(14)
Conversion of Class A Common Stock	164	(164)	-
Restricted stock and other stock plans, less cancellations	-	-	8
Balance at January 31, 2003	20,116	6,802	(3,094)
Stock issued to employees exercising stock options	1,639	-	(1,033)
Conversion of Class A Common Stock	-	-	14
Restricted stock and other stock plans, less cancellations	-	-	-
Balance January 31, 2004	21,755	6,802	(4,113)
Stock issued to employees exercising stock options	825	-	(337)
Conversion of Class A Common Stock	-	-	-
Restricted stock and other stock plans, less cancellations	-	-	16
Balance January 31, 2005	22,580	6,802	(4,434)

Note: Shares information provided has been adjusted to reflect the effect of the fiscal 2005 two-for-one stock split.

See Notes to Consolidated Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Movado Group, Inc. (the "Company") is a designer, manufacturer and distributor of quality watches with prominent brands in almost every price category comprising the watch industry. In fiscal 2005, the Company marketed six distinctive brands of watches: Movado, Ebel, Concord, ESQ, Coach and Tommy Hilfiger, which compete in most segments of the watch market.

The Company designs, manufactures and contracts for the assembly of Movado, Ebel and Concord watches primarily in Switzerland for sale throughout the world. ESQ and Tommy Hilfiger watches are manufactured to the Company's specifications by independent contractors located in Asia. ESQ watches are presently sold primarily in North America and the Caribbean. Tommy Hilfiger watches are presently sold throughout the world. Coach watches are assembled in Switzerland by independent contractors and sold primarily in North America and Asia.

In addition to its sales to trade customers and independent distributors, through a wholly-owned domestic subsidiary, the Company sells Movado watches, as well as proprietary Movado jewelry, tabletop and accessories directly to consumers in its Movado Boutiques. Additionally, the Company operates outlet stores throughout the United States, through which it sells discontinued and second merchandise.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany transactions and balances have been eliminated.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

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

Translation of Foreign Currency Financial Statements and Foreign Currency Transactions

The financial statements of the Company's international subsidiaries have been translated into United States dollars by translating balance sheet accounts at year-end exchange rates and statement of operations accounts at average exchange rates for the year. Foreign currency transaction gains and losses are charged or credited to income as incurred. Foreign currency translation gains and losses are reflected in the equity section of the Company's consolidated balance sheet in accumulated other comprehensive income (loss).

Cash and Cash Equivalents

Cash equivalents are considered all highly liquid investments with original maturities at date of purchase of three months or less.

Trade Receivables

The Company's trade customers include department stores, jewelry store chains and independent jewelers. Movado, Ebel, Concord, Coach and Tommy Hilfiger watches are also marketed outside the U.S. through a network of independent distributors. Accounts receivable are stated net of allowances for doubtful accounts of \$6.8 million, \$6.7 million and \$5.2 million and net of estimated sales returns and allowances of \$23.3 million, \$19.3 million and \$17.0 million at January 31, 2005, 2004 and 2003, respectively.

The Company's concentrations of credit risk arise primarily from accounts receivable related to trade customers during the peak selling seasons. The Company has significant accounts receivable balances due from major department store chains. The Company's results of operations could be materially adversely affected in the event any of these customers or a group of these customers defaulted on all or a significant portion of their obligations to the Company as a result of financial difficulties. As of January 31, 2005, there were no known situations with any of the Company's major customers which indicate the customer's inability to make the required payments.

The following is a rollforward of sales returns and allowances for the fiscal years ended January 31, 2005, 2004 and 2003 (in thousands):

	2005	2004	2003
	-----	-----	-----
Balance, beginning of year	\$ 19,345	\$ 16,974	\$ 15,539
Acquired Ebel reserves	7,354	-	-
Provision charged to operations	27,074	28,446	38,563
Write-offs	(30,461)	(26,075)	(37,128)
	-----	-----	-----
Balance, end of year	\$ 23,312	\$ 19,345	\$ 16,974
	=====	=====	=====

Inventories

The Company values its inventory at the lower of cost or market using the first-in, first-out (FIFO) method. The cost of finished goods and component inventories, held by overseas subsidiaries, are determined using average cost. The Company's management regularly reviews its sales to customers and customers' sell through at retail to determine excess or obsolete inventory reserves. Inventory with less than acceptable turn rates is classified as discontinued and, together with the related component parts which can be assembled into saleable finished goods, is sold through the Company's outlet stores. When management determines that finished product and components are unsaleable in the Company's outlet stores, a reserve is established for the cost of those products and components. These estimates could vary significantly, either favorably or unfavorably, from actual requirements depending on future economic conditions, customer inventory levels or competitive conditions which may differ from expectations.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of buildings are amortized using the straight-line method based on the useful life of ten years. Depreciation of furniture and equipment is provided using the straight-line method based on the estimated useful lives of assets, which range from four to ten years. Computer software is amortized using the straight-line method over five years. Leasehold improvements are amortized using the straight-line method over the lesser of the term of the lease or the estimated useful life of the leasehold improvement. Upon the disposition of property, plant and equipment, the accumulated depreciation is deducted from the original cost and any gain or loss is reflected in current earnings.

Long-Lived Assets

The Company establishes the estimated useful lives of its depreciable assets based on factors including historical experience, the expected beneficial service period of the asset, the quality and durability of the asset and the Company's maintenance policy including periodic upgrades. Changes in useful lives are made on a prospective basis unless factors indicate the carrying amounts of the assets may not be recoverable and an impairment write-down is necessary.

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When such a determination has been made, management compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss is recognized during that period. The impairment loss is calculated as the difference between asset carrying values and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends.

During the fourth quarter of fiscal 2005, the Company determined that the carrying value of its long-lived assets in the Movado Boutique located in the Soho section of New York City, may not be recoverable and performed an impairment review. The impairment review was performed pursuant to SFAS No. 144 because of an economic downturn affecting the Boutique operations and revenue forecasts. As a result, the Company recorded a non-cash impairment charge of \$2.0 million consisting of property, plant and equipment of \$0.8 million and other assets of \$1.2 million. The entire impairment charge is included in the selling, general and administrative expenses in the fiscal 2005 Consolidated Statement of Income. There were no impairment losses related to long-lived assets in fiscal 2004 or 2003.

Capitalized Software Costs

The Company capitalizes certain computer software costs after technological feasibility has been established. The costs are amortized utilizing the straight-line method over the economic lives of the related products ranging from three to seven years.

Intangibles

Intangible assets consist primarily of trade names and trademarks and are recorded at cost. Trade names are not amortized. Trademarks are generally amortized over ten years. The Company continually reviews intangible assets to evaluate whether events or changes have occurred that would suggest an impairment of carrying value. An impairment would be recognized when expected undiscounted future operating cash flows are lower than the carrying value. At January 31, 2005 and 2004, intangible assets at cost were \$13.5 million and \$7.5 million,

respectively, and related accumulated amortization of intangibles was \$4.5 million and \$3.5 million, respectively. Amortization expense for fiscal 2005, 2004 and 2003 was \$1.0 million, \$0.7 million and \$0.6 million, respectively.

Derivative Financial Instruments

The Company utilizes derivative financial instruments to reduce foreign currency fluctuation risks. The Company accounts for its derivative financial instruments in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", ("SFAS No. 133") as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments and hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the statement of financial condition and measure those instruments at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of the derivative and the effect on the consolidated financial statements will depend on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value of cash flows of the asset or liability hedged.

The Company's risk management policy is to enter into forward exchange contracts and purchase foreign currency options, under certain limitations, to reduce exposure to adverse fluctuations in foreign exchange rates and, to a lesser extent, in commodity prices related to its purchases of watches. When entered into, the Company designates and documents these derivative instruments as a cash flow hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transactions. Changes in the fair value of a derivative that is designated and documented as a cash flow hedge and is highly effective, are recorded in other comprehensive income until the underlying transaction affects earnings, and then are later reclassified into earnings in the same account as the hedged transaction. The Company formally assesses, both at the inception and at each financial quarter thereafter, the effectiveness of the derivative instrument hedging the underlying forecasted cash flow transaction which is being hedged. Any ineffectiveness related to the derivative financial instruments' change in fair value will be recognized in the period in which the ineffectiveness was calculated.

The Company uses forward exchange contracts to offset its exposure to certain foreign currency liabilities. These forward contracts are not designated as SFAS No. 133 hedges and, therefore, changes in the fair value of these derivatives are recognized into earnings, thereby offsetting the current earnings effect of the related foreign currency liabilities.

During fiscal 2003, the Company's risk management policy was modified to include net investment hedging of the Company's Swiss franc-denominated investment in its wholly-owned subsidiaries located in Switzerland using purchase foreign currency options under certain limitations. When entered into for this purpose, the Company designates and documents the derivative instrument as a net investment hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transactions. Changes in the fair value of a derivative that is designated and documented as a net investment hedge are recorded in other comprehensive income in the same manner as the cumulative translation adjustment of the Company's Swiss franc-denominated investment. The Company formally assesses, both at the inception and at each financial quarter thereafter, the effectiveness of the derivative instrument hedging the net investment.

All of the Company's derivative instruments have liquid markets to assess fair value. The Company does not enter into any derivative instruments for trading purposes.

Revenue Recognition

In the wholesale segment, the Company recognizes its revenues upon transfer of title and risk of loss in accordance with its FOB shipping point terms of sale and after the sales price is fixed and determinable and collectibility is reasonably assured. In the retail segment, transfer of title and risk of loss occurs at the time of register receipt. The Company records estimates for sales returns, volume-based programs and sales and cash discount allowances in the same period that the sales are recorded as a reduction of revenue. These estimates are based upon historical analysis, customer agreements and/or currently known factors that arise in the normal course of business.

Cost of Sales

Costs of sales of the Company's products consist primarily of component costs, internal assembly costs and unit overhead costs associated with the Company's supply chain operations in Switzerland and Asia. The Company's supply chain operations consist of logistics management of assembly operations and product sourcing in Switzerland and Asia and minor assembly in Switzerland.

Selling, General and Administrative Expenses

The Company's SG&A expenses consist primarily of advertising, selling, distribution and general and administrative expenses. Annual advertising expenditures are based principally on overall strategic considerations relative to maintaining or increasing market share in markets that management considers to be crucial to the Company's continued success as well as on general economic conditions in the various markets around the world in which the Company sells its products.

Selling expenses consist primarily of salaries, sales commissions, sales force travel and related expenses, expenses associated with the Basel Watch and Jewelry Fair and other industry trade shows and operating costs incurred in connection with the Company's retail business. Sales commissions vary with overall sales levels. Retail selling expenses consist primarily of salaries and store rents.

Distribution expenses consist primarily of salaries of distribution staff, rental and other occupancy costs, security, depreciation and amortization of furniture and leasehold improvements and shipping supplies.

General and administrative expenses consist primarily of salaries and other employee compensation, employee benefit plan costs, office rent, management information systems costs, bad debts, patent and trademark expenses and various other general corporate expenses.

Warranty Costs

The Company has warranty obligations in connection with the sale of its watches. The Company's products are covered by limited warranties against defects in materials and workmanship for periods ranging from two to three years from the date of purchase for movements and up to five years for the gold plating on Movado watch casings and bracelets. As a practice, warranty costs are expensed as incurred and recorded in the quarterly consolidated statement of income. The warranty obligations are evaluated quarterly and reviewed in detail on an annual basis to determine if any material changes occurred. When material changes in warranty costs are experienced, the Company will adjust the warranty accrual as required. As of January 31, 2005, 2004 and 2003,

the reserve balances for warranty costs were \$4.0 million, \$0.9 million and \$0.9 million, respectively. The following is a rollforward of the warranty liability for the fiscal years ended January 31, 2005, 2004 and 2003 (in thousands):

	2005 -----	2004 -----	2003 -----
Balance, beginning of year	\$ 900	\$ 900	\$ 600
Acquired Ebel reserves	3,127	-	-
Provision charged to operations	1,450	789	961
Settlements made	(1,498)	(789)	(661)
	-----	-----	-----
Balance, end of year	\$ 3,979 =====	\$ 900 =====	\$ 900 =====

Preopening Costs

Costs associated with the opening of new boutique and outlet stores, including pre-opening rent, are expensed in the period incurred.

Advertising

The Company expenses the production costs of an advertising campaign at the commencement date of the advertising campaign. Included in advertising expenses are costs associated with cooperative advertising programs. These costs are recorded as SG&A expenses. Advertising expense for fiscal 2005, 2004 and 2003 amounted to \$67.8 million, \$53.1 million and \$50.5 million, respectively.

Included in the other current assets in the consolidated balance sheets as of January 31, 2005 and 2004 are prepaid advertising costs of \$2.5 million and \$0.6 million, respectively. These prepaid costs represent advertising costs paid to licensors in advance, pursuant to the Company's licensing agreements.

Shipping and Handling Costs

Amounts charged to customers and costs incurred by the Company related to shipping and handling are included in net sales and cost of goods sold, respectively.

Income Taxes

The Company follows Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax laws and tax rates, in each jurisdiction the Company operates, and applies to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In addition, the amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be realized on a more-likely-than-not basis. The Company calculates estimated income taxes in each of the jurisdictions in which it operates. This process involves estimating actual current tax expense along with assessing temporary differences resulting from differing treatment of items for both book and tax purposes.

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 24,708,000, 24,101,000 and 23,739,000 for fiscal 2005, 2004 and 2003, respectively. For diluted earnings per share, these amounts were increased by 875,000, 776,000 and 642,000 in fiscal 2005, 2004 and 2003, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans. For all periods presented, basic and diluted shares outstanding, and the related "per share" amounts reflect the effect of the fiscal 2005 two-for-one stock split.

Stock-Based Compensation

Employee stock options are accounted for under the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at grant date over the amount an employee must pay to acquire the stock. Accordingly, compensation expense has not been recognized for stock options granted at or above fair value. Had compensation expense been determined and recorded based upon the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", net income (in thousands) and net income per share would have been reduced to pro forma amounts as follows:

	2005		2004		2003	
	As Reported	Pro Forma	As Reported	Pro Forma	As Reported	Pro Forma
Net Income	\$ 26,307	\$22,546	\$ 22,851	\$18,768	\$ 20,059	\$16,439
Net Income per share-Basic	\$ 1.06	\$ 0.91	\$ 0.95	\$ 0.78	\$ 0.84	\$ 0.69
Net Income per share-Diluted	\$ 1.03	\$ 0.88	\$ 0.92	\$ 0.75	\$ 0.82	\$ 0.67

The weighted-average fair value of each option grant estimated on the date of grant using the Black-Scholes option-pricing model is \$7.10, \$5.89 and \$4.86 per share in fiscal 2005, 2004 and 2003, respectively. The following weighted-average assumptions were used for grants in 2005, 2004 and 2003: dividend yield of 0.99% for fiscal 2005, 0.87% for fiscal 2004 and 0.62% for fiscal 2003; expected volatility of 48% for fiscal 2005, 52% for fiscal 2004 and 46% for fiscal 2003; risk-free interest rates of 4.26% for fiscal 2005, 3.04% for fiscal 2004 and 5.23% for fiscal 2003 and expected lives of three to seven years for fiscal 2005, four to seven years for fiscal 2004, and seven years for fiscal 2003.

Stockholders' Equity

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary buy-back program throughout fiscal 2005. There were no shares repurchased under the repurchase program during fiscal 2005 and fiscal 2004. As of January 31, 2005, the Company had authorization to repurchase shares up to \$4.5 million against an aggregate authorization of \$30.0 million.

Recently Issued Accounting Standards

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 151, "Inventory Costs", an amendment of ARB No. 43, Chapter 4 ("SFAS No. 151"). The amendments made by SFAS No. 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.

On December 16, 2004, the FASB issued Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment", which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123(R)"). SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees", and amends FASB Statement No. 95, "Statement of Cash Flows". Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Public entities are required to apply SFAS No. 123(R) as of the first annual reporting period that begins after June 15, 2005.

The Company continued to use the intrinsic value based method of accounting for share-based payments. The Company uses the Black-Scholes formula to estimate the value of stock options granted to employees. SFAS No. 123(R) requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement may reduce net operating cash flows and increase net financing cash flows in periods after adoption. The Company is currently assessing the impact of this pronouncement on its consolidated statement of operations and its consolidated statement of cash flows.

Also in December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, "Exchanges of Nonmonetary Assets -- An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS No. 153"). SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions", and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for the fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Company's current financial position or results of operations.

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 Moët 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 No. 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 No. 141. The pro forma adjustments were based upon an independent assessment of appraised values. The assessment is complete. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 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 year ended January 31, 2005, payments against employee severance, lease terminations, exit costs and other liabilities amounted to \$1.2 million, \$0.2 million, \$1.1 million and \$0.4 million, respectively. There were no further adjustments related to the abovementioned accruals during the fiscal year ended January 31, 2005.

As part of the acquisition, the Company recorded deferred tax assets resulting from Ebel's net operating loss carryforwards amounting to approximately 165.0 million Swiss francs. The Company established a full valuation allowance on the deferred tax assets. 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. 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 - Acquired	Gross Value	Useful Life
	-----	-----
Trade names	\$ 8,343	Indefinite
Customer list	786	5 years

Total	\$ 9,129	
	=====	

Subsequent to the acquisition, the Company utilized a portion of the deferred tax assets relative to the net operating losses, and also reassessed the full valuation allowance initially set up on the deferred tax assets. As required by SFAS No. 109, the recognition of any tax benefits were applied to reduce the carrying value of acquired intangible assets. The trade name and customer list have thus been reduced by \$2.6 million and \$0.2 million, respectively, due to current year utilization of net operating losses, and the trade name and customer list have also been reduced an additional \$1.9 million and \$0.1 million, respectively, due to the reassessment of the valuation allowances initially set up on the deferred tax assets.

The carrying amounts of the acquired intangible assets, at January 31, 2005, were as follows (in thousands):

Identifiable Intangible Assets - Carrying Value	Gross Value

Trade names	\$ 4,215
Customer list	334

Total	\$ 4,549
	=====

Amortization expense for the next four years for the acquired intangibles with finite lives is expected to be as follows (in thousands):

For the Fiscal Year Ended January 31,	Estimated Amortization Expense

2006	\$ 84
2007	84
2008	84
2009	82

	\$ 334
	=====

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 period presented. The unaudited pro forma condensed combined statements of income for the year ended January 31, 2005 combines the historical results for the Company for the year ended January 31, 2005 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 year ended January 31, 2004 combines the historical results for the Company for the year ended January 31, 2004, and the historical results for Ebel for the year ended January 31, 2004. The following amounts are in thousands, except per share amounts:

	Fiscal Year Ended January 31,	
	-----	-----
	2005	2004
	-----	-----
Revenues	\$ 420,335	\$ 398,826
Net income	\$ 24,302	\$ 10,828
Basic income per share	\$ 0.98	\$ 0.45
Diluted income per share	\$ 0.95	\$ 0.44

NOTE 3 - INVENTORIES

Inventories at January 31, consisted of the following (in thousands):

	2005 -----	2004 -----
Finished goods	\$123,519	\$ 78,490
Component parts	114,157	43,335
Work-in-process	4,661	2,261
	-----	-----
	242,337	124,086
Less: inventories reserve	(54,447)	(2,408)
	-----	-----
	\$187,890	\$121,678
	=====	=====

The increase in all inventory categories, including the inventory reserve, includes the acquired net assets of Ebel. As of January 31, 2005, the Ebel inventory was \$93.8 million with reserves of \$52.4 million.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at January 31, at cost, consisted of the following (in thousands):

	2005 -----	2004 -----
Land and buildings	\$ 6,543	\$ 2,464
Furniture and equipment	44,036	34,770
Computer software	29,169	26,333
Leasehold improvements	32,288	25,405
	-----	-----
	112,036	88,972
Less: accumulated depreciation	(61,753)	(46,860)
	-----	-----
	\$ 50,283	\$ 42,112
	=====	=====

Depreciation and amortization expense for fiscal 2005, 2004 and 2003 was \$12.6 million, \$10.0 million and \$8.4 million, respectively, which includes computer software amortization expense for fiscal 2005, 2004 and 2003 of \$4.0 million, \$2.9 million and \$3.0 million, respectively.

NOTE 5 - BANK CREDIT ARRANGEMENTS AND LINES OF CREDIT

The Company's revolving credit facility with its domestic bank group was amended in June 2003 to provide for a three year \$75.0 million unsecured revolving line of credit. The line of credit expires on June 17, 2006. In addition, certain members within the bank group provided for \$15.0 million of uncommitted working capital lines of credit at January 31, 2005 and 2004, respectively. As of January 31, 2004, 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 expiry dates through May 15, 2006. The Company pays a facility fee on the unused portion of the credit facility. The agreement also contains certain financial covenants including an interest coverage ratio, and certain restrictions that limit the Company on the sale, transfer or distribution of corporate assets, including dividends, and limit the amount of debt outstanding. The Company was in compliance with these restrictions and covenants at January 31, 2005 and 2004. The domestic unused line of credit was \$90.0 million at January 31, 2005 and 2004.

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 and 8.8 million Swiss francs at January 31, 2005 and 2004, respectively, with dollar equivalents of approximately \$6.7 million and \$7.0 million, respectively, of which a maximum of \$5.0 million can be drawn. As of January 31, 2005, the Swiss bank has guaranteed the Company's Swiss subsidiary's obligations to certain Swiss third parties in the amount of approximately \$2.8 million in various foreign currencies. There are no restrictions on transfers in the form of dividends, loans or advances to the Company by its foreign subsidiaries.

There were no outstanding borrowings against the Company's aggregate demand lines of credit at January 31, 2005 and January 31, 2004, respectively. Aggregate maximum and average monthly outstanding borrowings against the Company's lines of credit and related weighted-average interest rates during fiscal 2005 and 2004 were as follows (dollars in thousands):

	Fiscal Year Ended January 31,	
	2005	2004
Maximum borrowings	\$ 37,925	\$ 31,000
Average monthly borrowings	\$ 21,711	\$ 15,532
Weighted-average interest rate	2.3%	2.1%

Weighted-average interest rates were computed based on average month-end outstanding borrowings and applicable average month-end interest rates.

NOTE 6 - LONG-TERM DEBT

The components of long-term debt as of January 31, were as follows (in thousands):

	2005	2004
Senior Notes	\$ -	\$10,000
Series A Senior Notes	25,000	25,000
Series A-2004 Senior Notes	20,000	-
	45,000	35,000
Less: current portion	-	10,000
Long-term debt	\$45,000	\$25,000

At January 31, 2005, the Company paid off its Senior Notes due January 31, 2005, which were originally issued in a private placement completed in fiscal 1994. These notes had required annual principal payments of \$5.0 million since January 1998 and bore interest of 6.56% per annum. The Company repaid \$10.0 million of the final principal due in fiscal 2005. The Company did not repay any principal in fiscal 2004 due to the timing of when principal payment was due. At January 31, 2005, no principal of these notes remained outstanding.

The Series A Senior Notes ("Series A Senior Notes") were issued on December 1, 1998 under a Note Purchase and Private Shelf Agreement and bear interest at 6.90% per annum. Interest is payable semiannually on April 30 and October 30. These notes mature on October 30, 2010 and are subject to annual payments of \$5.0 million commencing on October 31, 2006. At January 31, 2005, \$25.0 million was issued and outstanding.

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 Note 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 and are subject to annual repayments of \$5.0 million commencing on October 8, 2008. 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 January 31, 2005, \$20.0 million was issued and outstanding.

The agreements governing the Senior Notes and Series A Senior Notes contain certain restrictions and covenants which generally require the maintenance of a minimum net worth, limit the amount of additional secured debt the Company can incur and limit the sale, transfer or distribution of corporate assets, including dividends. The Company was in compliance with these restrictions and covenants at January 31, 2005 and 2004.

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

The Company follows the provisions of SFAS No. 133 requiring that all derivative financial instruments be recorded on the balance sheet at fair value.

As of January 31, 2005, the balance of deferred net gains on derivative financial instruments documented as cash flow hedges included in accumulated other comprehensive income ("AOCI") was \$2.0 million, net of tax of \$1.2 million, compared to \$1.6 million in net gains at January 31, 2004, net of tax of \$1.0 million and \$4.5 million in net gains at January 31, 2003, net of tax of \$2.9 million. The Company estimates that a substantial portion of the deferred net gains at January 31, 2005 will be realized into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The primary underlying transaction which will cause the amount in AOCI to affect cost of goods sold consists of the Company's sell through of inventory purchased predominantly in Swiss francs. The maximum length of time the Company is hedging its exposure to the fluctuation in future cash flows for forecasted transactions is 24 months. For the years ended January 31, 2005, 2004 and 2003, the Company reclassified net gains from AOCI to earnings of approximately \$1.4 million, net of tax of \$0.9 million, \$3.2 million, net of tax of \$2.0 million, and \$1.7 million, net of tax of \$1.0 million, respectively.

During fiscal 2005, 2004 and 2003, the Company recorded no charge related to its assessment of the effectiveness of its derivative hedge portfolio. The hedge relationship is perfectly effective and therefore no hedge ineffectiveness was recorded. Changes in the contracts' fair value due to spot-forward differences are excluded from the designated hedge relationship. These amounts were not significant for the years ended January 31, 2005, 2004 and 2003. The Company records these transactions in the cost of sales of the consolidated statements of income.

The balance of the net loss included in the cumulative foreign currency translation adjustment associated with derivatives documented as net investment hedges was \$1.5 million, net of a tax benefit of \$0.9 million as of January 31, 2005, a net loss of \$1.0 million, net of a tax benefit of \$0.6 million, as of January 31, 2004 and a net loss of \$0.3 million, net of a tax benefit of \$0.2 million as of January 31, 2003. Under SFAS No. 133, changes in fair value of these instruments are recognized in currency translation adjustment, a component of AOCI, 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 January 31, 2005 (in millions):

	Fair Value -----	Maturities -----
Forward exchange contracts	\$0.8	2005-2006
Purchased foreign currency options	1.9	2005-2006
	----- \$2.7 =====	

The Company estimates the fair value of its foreign currency derivatives based on quoted market prices or pricing models using current market rates. These derivative financial instruments are currently reflected in other assets or current liabilities.

NOTE 8 - FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The fair value of the Company's 4.79% Senior Notes and 6.90% Series A Senior Notes approximate 99% and 107% of the carrying value of the notes, respectively, as of January 31, 2005. The fair value was calculated based upon the present value of future cash flows discounted at estimated borrowing rates for similar debt instruments or upon estimated prices based on current yields for debt issues of similar quality and terms.

NOTE 9 - INCOME TAXES

The provision for income taxes for the fiscal years ended January 31, 2005, 2004 and 2003 consists of the following components (in thousands):

	2005 -----	2004 -----	2003 -----
Current:			
U.S. Federal	\$ 3,980	\$ 4,346	\$ 3,454
U.S. State and Local	810	(126)	134
Non-U.S.	5,254	1,282	445
	----- 10,044	----- 5,502	----- 4,033
Noncurrent:			
U.S. Federal	-	-	-
U.S. State and Local	-	-	-
Non-U.S.	-	2,186	3,165
	----- -	----- 2,186	----- 3,165
Deferred:			
U.S. Federal	(2,533)	(351)	775
U.S. State and Local	(242)	60	(65)
Non-U.S.	(486)	1,489	(107)
	----- (3,261)	----- 1,198	----- 603
Provision for income taxes	\$ 6,783 =====	\$ 8,886 =====	\$ 7,801 =====

Significant components of the Company's deferred income tax assets and liabilities for the fiscal year ended January 31, 2005 and 2004 consist of the following (in thousands):

	2005 Deferred Taxes		2004 Deferred Taxes	
	Assets	Liabilities	Assets	Liabilities
Operating loss carryforwards	\$ 32,120	\$ -	\$ 896	\$ -
Inventory reserve	3,103	4,762	1,633	4,843
Receivable allowance	2,960	1,559	2,840	900
Deferred compensation	4,627	-	3,941	-
FAS 133	-	323	-	471
Depreciation/amortization	2,247	267	-	544
Other	3,134	367	1,913	1,218
	-----	-----	-----	-----
Valuation allowance	48,191 (33,393)	7,278 -	11,223 (795)	7,976 -
	-----	-----	-----	-----
Total	\$ 14,798	\$ 7,278	\$10,428	\$ 7,976
	=====	=====	=====	=====

As of January 31, 2005, the Company had foreign net operating loss carryforwards of approximately \$140.5 million, which are available to offset taxable income in future years. The majority of the carryforward tax losses (\$132.1 million) were incurred in Switzerland in the Ebel business prior to the Company's acquisition of the Ebel business on March 1, 2004. Effective March 1, 2004, Ebel S.A. was merged into another wholly-owned Swiss subsidiary, and a Swiss tax ruling was obtained that allows the Ebel tax losses to offset taxable income in the surviving entity. As part of purchase accounting, the Company recorded net deferred tax assets for the Swiss tax losses and for the temporary differences between the Swiss tax basis and the assigned values of the net Ebel assets. The Company has established a partial valuation allowance on the deferred tax assets as a result of an evaluation of expected utilization of such tax benefits within the expiry of the tax losses. The recognition of the tax benefit has been applied to reduce the carrying value of acquired intangible assets to \$4.6 million; subsequent recognition of deferred tax assets, if any, will be applied to reduce the carrying value of the intangible assets to zero prior to being recognized as a reduction of income tax expense. The Company recognized cash tax savings of \$2.8 million on the utilization of the Swiss tax losses during the year. The remaining tax losses (\$8.4 million) are related to the Company's former operations in Germany, and its current operations in Germany, Japan, and the United Kingdom. A full valuation allowance has been established on the deferred tax assets resulting from these losses due to the Company's assessment that the deferred tax assets will not likely be utilized.

Management will continue to evaluate the appropriate level of allowance on all deferred tax assets, considering such factors as prior earnings history, expected future earnings, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset.

The Company estimates its effective income tax rate periodically, considering all known factors and the estimated effects of future events or tax planning strategies that can cause the rate to vary from the statutory rate. Estimating the outcome of future events is inherently uncertain and final resolution of those events can cause the effective rate to vary significantly. During the year, the effective tax rate was reduced to 20.5% principally as a result of adjustments in the fourth quarter relating to refunds from a retroactive Swiss tax ruling, a favorable U.S. tax accrual adjustment, and the recording of the tax benefit of an asset impairment in the U.S.

The provision for income taxes differs from the amount determined by applying the U.S. federal statutory rate as follows (in thousands):

	Fiscal Year Ended January 31,		
	2005	2004	2003
Provision for income taxes at the U.S. statutory rate	\$ 11,582	\$ 11,108	\$ 9,751
Lower effective foreign income tax rate	(5,137)	(5,487)	(4,110)
Change in valuation allowance	101	(13)	(12)
Tax provided on repatriated earnings of foreign subsidiaries	-	3,133	1,856
State and local taxes, net of federal benefit	250	(43)	44
Other, net	(13)	188	272
Total	\$ 6,783	\$ 8,886	\$ 7,801

No provision has been made for federal income or withholding taxes which may be payable on the remittance of the undistributed retained earnings of foreign subsidiaries approximating \$224.3 million at January 31, 2005, as those earnings are considered reinvested for an indefinite period. As a result of various tax planning strategies available to the Company, it is not practical to estimate the amount of tax, if any, that may be payable on the eventual distribution of such earnings.

The Company has not changed its position with respect to the indefinite reinvestment of foreign earnings to take into account the possible election of the repatriation provisions contained in the American Jobs Creation Act of 2004. The American Jobs Creation Act of 2004 (the "Act"), as enacted on October 22, 2004, provides for a temporary 85% dividends received deduction on certain foreign earnings repatriated during a one-year period. The deduction would result in an approximate 5.25% U.S. federal tax rate on any repatriated earnings. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by the Company's Chief Executive Officer and approved by the Company's Board of Directors. Certain other criteria in the Act must be satisfied as well. The maximum amount of the Company's foreign earnings that may qualify for the temporary deduction under the Act is approximately \$183.0 million.

The Company is in the process of evaluating whether foreign earnings will be repatriated under the repatriation provisions of the Act, and if so, the amount that will be repatriated. The Company will be considering repatriating any amount up to the maximum. The Company is awaiting the issuance of further regulatory guidance and passage of statutory technical corrections with respect to certain provisions in the Act prior to determining the amounts that may be repatriated. As a result, the Company expects to determine the amounts and sources of foreign earnings to be repatriated, if any, prior to the close of the fiscal year ending January 31, 2006. At this time, the income tax expense impact of a qualifying repatriation, if the Company should choose to make one, cannot be reasonably estimated.

NOTE 10 - OTHER ASSETS

In fiscal 1996, the Company entered into an agreement with a trust which owned an insurance policy issued on the lives of the Company's Chairman and his spouse. Under this agreement, the trust assigned the insurance policy to the Company as collateral to secure repayment by the trust of interest-free loans made by the

Company to the trust in amounts equal to the premiums on said insurance policy (approximately \$0.7 million per annum). The agreement required the trust to repay the loans from the proceeds of the policy. At January 31, 2003, the Company had outstanding loans from the trust of \$5.2 million. On April 4, 2003, the agreement was amended and restated to transfer the policy from the trust to the Company in partial repayment of the loan balance. The Company is the beneficiary of the policy insofar as upon the death of the Company's Chairman and his spouse, the proceeds of the policy would first be distributed to the Company to repay the premiums paid by the Company with the remaining proceeds distributed to the trust. As of January 31, 2005, the total premiums paid amounted to \$6.8 million and the cash surrender value of the policy was \$6.7 million.

NOTE 11 - LEASES, COMMITMENTS AND CONTINGENCIES

The Company leases office, distribution, retail and manufacturing facilities, and office equipment under operating leases, which expire at various dates through January 2015. Certain leases include renewal options and the payment of real estate taxes and other occupancy costs. Some leases also contain rent escalation clauses (step rents) that require additional rent amounts in the later years of the term. Rent expense for leases with step rents is recognized on a straight-line basis over the minimum lease term. Likewise, capital funding and other lease concessions that are occasionally provided to the Company, are recorded as deferred rent and amortized on a straight-line basis over the minimum lease term as adjustments to rent expense. Rent expense for equipment and distribution, factory and office facilities under operating leases was approximately \$12.6 million, \$9.7 million and \$8.9 million in fiscal 2005, 2004 and 2003, respectively. Minimum annual rentals at January 31, 2005 under noncancelable operating leases, which do not include escalations that will be based on increases in real estate taxes and operating costs, are as follows (in thousands):

Fiscal Year Ended January 31,	

2006	\$12,186
2007	11,613
2008	9,831
2009	8,944
2010	8,666
Thereafter	29,357

	\$80,597
	=====

Due to the nature of its business as a luxury consumer goods distributor, the Company is exposed to various commercial losses. The Company believes it is adequately insured against such losses.

NOTE 12 - EMPLOYEE BENEFIT PLANS

The Company maintains an Employee Savings Plan under Section 401(k) of the Internal Revenue Code. Company contributions and expenses of administering the Employee Savings Plan amounted to \$0.6 million, \$0.6 million and \$0.7 million in fiscal 2005, 2004 and 2003, respectively.

Effective June 1, 1995, the Company adopted a defined contribution supplemental executive retirement plan ("SERP"). The SERP provides eligible executives with supplemental pension benefits in addition to amounts received under the Company's other retirement plan. The Company makes a matching contribution which vests equally over five years. During fiscal 2005, 2004 and 2003, the Company recorded an expense related to the SERP of approximately \$0.6 million, \$0.5 million and \$0.5 million, respectively.

During fiscal 1999, the Company adopted a Stock Bonus Plan for all employees not in the SERP. Under the terms of this Stock Bonus Plan, the Company contributes a discretionary amount to the trust established under the plan. Each plan participant vests after five years in 100% of their respective prorata portion of such contribution. For fiscal 2005, 2004 and 2003, the Company recorded an expense of \$0.3 million, \$0.3 million and \$0.2 million, respectively, related to this plan.

On September 23, 1994, the Company entered into a Death and Disability Benefit Plan agreement with the Company's Chairman. Under the terms of the agreement, in the event of the Chairman's death or disability, the Company is required to make an annual benefit payment of approximately \$0.3 million to his spouse for the lesser of ten years or her remaining lifetime. Neither the agreement nor the benefits payable thereunder are assignable and no benefits are payable to the estates or heirs of the Chairman or his spouse. Results of operations include an actuarially determined charge related to this plan of approximately \$0.2 million, \$0.2 million and \$0.1 million in fiscal years 2005, 2004 and 2003, respectively.

Effective concurrently with the consummation of the Company's public offering in the fourth quarter of fiscal 1994, the Board of Directors and the shareholders of the Company approved the adoption of the Movado Group, Inc. 1993 Employee Stock Option Plan (the "Employee Stock Option Plan") for the benefit of certain officers, directors and key employees of the Company. The Employee Stock Option Plan was amended in fiscal 1997 and restated as the Movado Group, Inc. 1996 Stock Incentive Plan (the "Plan"). Under the Plan, as amended and restated as of April 8, 2004, the Compensation Committee of the Board of Directors, which is comprised of the Company's five outside directors, has the authority to grant incentive stock options and nonqualified stock options, to purchase, as well as stock appreciation rights and stock awards, up to 9,000,000 shares of Common Stock. Options granted to participants under the Plan generally become exercisable in equal installments over three or five years and remain exercisable until the tenth anniversary of the date of grant. The option price may not be less than the fair market value of the stock at the time the options are granted.

Transactions in stock options under the Plan since fiscal 2002 are summarized as follows:

	Outstanding Options	Weighted- Average Exercise Price
	-----	-----
January 31, 2002	4,353,344	\$ 8.24
Options granted	648,900	\$10.05
Options exercised	(355,496)	\$ 4.54
Options forfeited	(107,228)	\$ 9.39
	-----	-----
January 31, 2003	4,539,520	\$ 8.76
Options granted	978,144	\$12.03
Options exercised	(1,639,710)	\$ 8.74
Options forfeited	(153,976)	\$ 5.86
	-----	-----
January 31, 2004	3,723,978	\$ 8.71
Options granted	784,203	\$16.44
Options exercised	(821,957)	\$ 9.04
Options forfeited	(65,190)	\$ 9.33
	-----	-----
January 31, 2005	3,621,034	\$11.66
	=====	=====

Options exercisable at January 31, 2005, 2004 and 2003 were 2,888,888, 2,445,912 and 2,191,594, respectively.

The following table summarizes outstanding and exercisable stock options as of January 31, 2005:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ 3.12 - \$ 6.23	536,616	2.2	\$ 4.67	475,596	\$ 4.73
\$ 6.23 - \$ 9.35	417,038	4.0	\$ 6.99	387,806	\$ 6.96
\$ 9.35 - \$12.46	877,490	5.1	\$ 10.69	768,795	\$ 10.82
\$12.46 - \$15.58	1,335,643	6.2	\$ 14.40	944,944	\$ 14.61
\$15.58 - \$18.69	454,247	7.1	\$ 18.01	311,747	\$ 18.39
	3,621,034	5.1	\$ 11.66	2,888,888	\$ 11.35

NOTE 13 - TOTAL COMPREHENSIVE INCOME

The components of comprehensive income for the twelve months ended January 31, 2005, 2004 and 2003 are as follows (in thousands):

	2005	2004	2003
Net income	\$ 26,307	\$ 22,851	\$ 20,059
Net unrealized gain (loss) on investments, net of tax	39	139	(82)
Net change in effective portion of hedging contracts, net tax	366	(3,434)	4,584
Foreign currency translation adjustment	13,829	18,382	38,170
Total comprehensive income	\$ 40,541	\$ 37,938	\$ 62,731

NOTE 14 - 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, in addition to revenue generated from after sales service activities and shipping. 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 Switzerland.

Operating Segment Data as of and for the Fiscal Year Ended January 31, (in thousands):

	Net Sales			Operating Income (1)		
	2005	2004	2003	2005	2004	2003
Wholesale	\$345,028	\$269,341	\$246,195	\$ 33,445	\$ 34,930	\$ 29,544
Retail	73,938	60,873	53,882	1,631	(149)	2,232
Consolidated total	\$418,966	\$330,214	\$300,077	\$ 35,076	\$ 34,781	\$ 31,776

	Total Assets			Capital Expenditures		
	2005	2004	2003	2005	2004	2003
Wholesale	\$415,739	\$340,257	\$306,841	\$ 6,785	\$ 2,958	\$ 4,383
Retail	61,211	50,710	38,313	8,162	7,872	2,142
Consolidated total	\$476,950	\$390,967	\$345,154	\$ 14,947	\$ 10,830	\$ 6,525

	Depreciation and Amortization		
	2005	2004	2003
Wholesale	\$ 8,909	\$ 7,500	\$ 6,517
Retail	3,694	2,473	1,852
Consolidated total	\$ 12,603	\$ 9,973	\$ 8,369

(1) Fiscal 2005 Retail Operating Income includes a non-cash impairment charge of \$2.0 million recorded in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144").

Geographic Segment Data as of and for the Fiscal Year Ended January 31, (in thousands):

	Net Sales (2)			Long-Lived Assets		
	2005	2004	2003	2005	2004	2003
Domestic	\$330,269	\$285,739	\$261,701	\$ 35,010	\$ 30,216	\$ 26,530
International	88,697	44,475	38,376	15,273	11,896	13,409
Consolidated total	\$418,966	\$330,214	\$300,077	\$ 50,283	\$ 42,112	\$ 39,939

	Operating Income		
	2005	2004	2003
Domestic	\$ 9,357	\$ 6,622	\$ 8,458
International	25,719	28,159	23,318
Consolidated total	\$ 35,076	\$ 34,781	\$ 31,776

(2) The domestic and international net sales are net of intercompany sales of \$272.1 million, \$209.7 million and \$182.5 million for the twelve months ended January 31, 2005, January 31, 2004 and January 31, 2003, respectively.

NOTE 15 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table presents unaudited selected interim operating results of the Company for fiscal 2005 and 2004 (in thousands, except per share amounts):

	Quarter Ended			
	1st	2nd	3rd	4th
Fiscal 2005				
Net sales	\$74,187	\$97,788	\$127,023	\$119,968
Gross profit	\$43,385	\$57,978	\$ 77,141	\$ 71,644
Net income	\$ 736	\$ 7,057	\$ 11,334	\$ 7,180
Net income per share:				
Basic	\$ 0.03	\$ 0.29	\$ 0.46	\$ 0.29
Diluted	\$ 0.03	\$ 0.28	\$ 0.44	\$ 0.28
Fiscal 2004				
Net sales	\$60,170	\$76,545	\$100,767	\$ 92,732
Gross profit	\$36,440	\$47,239	\$ 61,339	\$ 55,288
Net income	\$ 856	\$ 5,751	\$ 10,074	\$ 6,170
Net income per share:				
Basic	\$ 0.04	\$ 0.24	\$ 0.42	\$ 0.25
Diluted	\$ 0.03	\$ 0.23	\$ 0.40	\$ 0.24

As each quarter is calculated as a discrete period, the sum of the four quarters may not equal the calculated full year amount. This is in accordance with prescribed reporting requirements.

NOTE 16 - SUPPLEMENTAL CASH FLOW INFORMATION

The following is provided as supplemental information to the consolidated statements of cash flows (in thousands):

	Fiscal Year Ended January 31,		
	2005	2004	2003
Cash paid during the year for:			
Interest	\$ 2,950	\$ 2,369	\$ 3,559
Income taxes	\$ 7,434	\$ 5,864	\$ 6,583

NOTE 17 - 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 18 - 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. This consisted of a gross settlement of \$1.9 million partially offset by direct costs related to the litigation of \$0.5 million.

NOTE 19 - HUGO BOSS LICENSE AGREEMENT

On December 15, 2004, the Company entered into a License Agreement with Hugo Boss Trademark Management GmbH & Co ("Hugo Boss"). The Company received a worldwide exclusive license to use the trademark "HUGO BOSS" and any other trademarks of Hugo Boss containing the names HUGO or BOSS, in connection with the production, promotion and sale of watches. The Company is permitted to assign its rights and sublicense the trademarks to its affiliates (although the Company will remain liable after such assignment or sublicense under the License Agreement). The term of the license is March 21, 2005 through December 31, 2013, with an optional five-year renewal period.

Schedule II

MOVADO GROUP, INC.

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(in thousands)

Description	Balance at Beginning of Year	Acquired Ebel Balance	Provision Charged to Operations	Currency Revaluation	Net Write-Offs	Balance at End of Year
Year ended January 31, 2005:						
Allowance for doubtful accounts	\$ 6,659	\$ 2,192	\$ 2,072	\$ 68	(\$4,161)	\$ 6,830
Year ended January 31, 2004:						
Allowance for doubtful accounts	\$ 5,235	\$ -	\$ 2,290	\$ 106	(\$ 972)	\$ 6,659
Year ended January 31, 2003:						
Allowance for doubtful accounts	\$ 4,070	\$ -	\$ 1,987	\$ 93	(\$ 915)	\$ 5,235

Description	Balance at Beginning of Year	Acquired Ebel Balance	Provision Charged to Operations	Currency Revaluation	Net Write-Offs	Balance at End of Year
Year ended January 31, 2005:						
Inventory reserve	\$ 2,408	\$ 50,800	\$ 3,221	\$3,464	(\$ 5,446)	\$ 54,447
Year ended January 31, 2004:						
Inventory reserve	\$ 4,323	\$ -	\$ 993	(\$ 645)	(\$ 2,263)	\$ 2,408
Year ended January 31, 2003:						
Inventory reserve	\$ 8,151	\$ -	\$ 1,829	\$ 848	(\$ 6,505)	\$ 4,323

Description	Balance at Beginning of Year	Provision/(Benefit) to Operation	Currency Revaluation	Adjustments	Balance at End of Year
Year ended January 31, 2005:					
Deferred tax assets valuation (1)	\$795	\$101	\$ 488	\$32,009	\$33,393
Year ended January 31, 2004:					
Deferred tax assets valuation	\$950	(\$13)	(\$ 142)	\$ -	\$ 795
Year ended January 31, 2003:					
Deferred tax assets valuation	\$1,480	(\$12)	\$ 86	(\$ 604)	\$ 950

(1) The detail of adjustments is as follows:

Ebel purchase accounting - NOL's	\$26,731
Ebel purchase accounting - other	3,261
Current year losses	1,201
Other	816

	\$32,009
	=====

MOVADO GROUP, INC.

AMENDED AND RESTATED

DEFERRED COMPENSATION PLAN FOR EXECUTIVES

Effective June 1, 1995
Amended and Restated Effective January 1, 1998
Amended and Restated Effective January 1, 2002
Amended and Restated Effective June 17, 2004

MOVADO GROUP, INC.
 AMENDED AND RESTATED
 DEFERRED COMPENSATION PLAN FOR EXECUTIVES

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MOVADO GROUP, INC.

AMENDED AND RESTATED

DEFERRED COMPENSATION PLAN FOR EXECUTIVES

Movado Group, Inc., a New York corporation, Swiss-Am, Inc., a New Jersey corporation, and Movado Retail Group, Inc., a New Jersey corporation, hereby adopt this Amended and Restated Movado Group, Inc. Deferred Compensation Plan for Executives.

ARTICLE I
DEFINITIONS

1.1 ACCOUNT. The bookkeeping account established for each Participant as provided in Section 5.1 hereof.

1.2 ADMINISTRATOR. The committee appointed pursuant to ARTICLE X.

1.3 BASE SALARY.

(a) The amount payable to a Participant by the Employers as basic salary attributable to services performed in a Plan Year. Base Salary shall only include regularly scheduled salary payable throughout the year, as determined by the Employers, and shall not include bonuses or irregular remuneration.

(b) Notwithstanding subsection (a), for those Employees classified by an Employer as sales executives, the term Base Salary shall only include base salary and shall not include commissions and bonuses.

1.4 CHANGE IN CONTROL. The occurrence during the term of the Plan of:

(a) The commencement (within the meaning of Rule 14d-2 under the Securities Exchange Act of 1934 (the "Act")) of a tender offer for more than twenty percent (20%) of the Company's outstanding shares of capital stock having voting power in the election of directors (the "Voting Securities").

(b) An acquisition (other than directly from the Company) of any voting securities of the Company by any "Person" (as the term is used for purposes of section 13(d) or 14(d) of the Act) immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding Voting Securities, provided, however that in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute an acquisition) which would cause a Change in Control. A Non-Control Acquisition shall mean an acquisition by (1) an employee benefit plan (or a trust forming a part thereof or a trustee thereof acting solely in its capacity as trustee) maintained by the Company or by any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest as owned, directly or indirectly, by the Company (for purposes of this definition, a subsidiary); (2) the Company or its subsidiaries; or (3) any Person who files in connection with such acquisition a Schedule 13D which expressly disclaims any intention to seek control of the Company and does not expressly reserve the right to seek such control; provided, however, that any amendment to such statement of intent which either indicates an intention or reserves the right to seek control shall be deemed an "acquisition" of the securities of the Company reported in such filing as beneficially owned by such Person for purposes of this paragraph.

(c) The individuals who, as of July 1, 2002, are members of the board (the "Incumbent Board"), ceasing for any reason to constitute at least two-thirds (2/3) of the members of the board; provided, however, that if the election, or nomination for election by the Company's common stockholders, of any new director was approved by a vote of at least two-thirds (2/3) of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest.

(d) Approval by stockholders of the Company of:

(1) merger, consolidation or reorganization involving the Company, unless such merger, consolidation or reorganization is a "Non-Control Transaction," i.e., meets each of the requirements described in (i), (ii) or (iii) below: (i) the stockholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly, immediately following such merger, consolidation or reorganization, at least seventy percent (70%) if the outstanding voting securities of the corporation resulting from such merger, consolidation or reorganization (the "Surviving Corporation") in substantially the same proportion as their ownership of the voting securities immediately before such merger, consolidation or reorganization; or (ii) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds (2/3) of the members of the board of director of the Surviving Corporation immediately following the consummation of such merger, consolidation or reorganization; and (iii) no Person other than the Company, any subsidiary, any employee benefit plan (or any trust forming a part thereof or a trustee thereof acting solely in its capacity as trustee) maintained by the Company, the Surviving Corporation, or any Subsidiary, or any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of twenty percent (20%) or more of the then outstanding Voting Securities has Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities immediately following the consummation of such merger, consolidation or reorganization.

(2) A complete liquidation or dissolution of the Company.

(3) An agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to an affiliate).

1.5 CLASS YEAR ACCOUNT. The bookkeeping subaccounts established for each Participant as provided in section 5.1 hereof.

1.6 CODE. The Internal Revenue Code of 1986, as amended.

1.7 COMPANY. Movado Group, Inc., a New York corporation.

1.8 COMPANY STOCK. Common stock of the Company.

1.9 COMPENSATION. The Participant's Base Salary, bonuses and other remuneration from the Employer.

1.10 EFFECTIVE DATE. The Plan was originally effective on June 1, 1995. This amendment and restatement is effective _____ 2004.

1.11 ELIGIBLE EMPLOYEE. An Employee of an Employer who is a management or highly compensated Employee within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended.

1.12 EMPLOYEE. Any person employed by an Employer.

1.13 EMPLOYERS. Movado Group, Inc., a New York corporation; Swiss-Am, Inc., a New Jersey corporation, and Movado Retail Group, Inc., a New Jersey corporation.

1.14 EMPLOYER CONTRIBUTION. A discretionary contribution made by the Employers to the Trust that is credited to one or more Participant's Accounts in accordance with the terms of Section 2.3 hereof.

1.15 ERISA. The Employee Retirement Income Security Act of 1974, as amended.

1.16 GROUP I EMPLOYEE. An Employee who is designated as a Group I Employee by an Employer in Schedule A attached hereto, as such schedule may be amended by the Employer from time to time.

1.17 GROUP II EMPLOYEE. An Employee who is designated as a Group II Employee by an Employer in Schedule A attached hereto, as such schedule may be amended by the Employer from time to time.

1.18 MATCHING CONTRIBUTION. A contribution made by the Employers to the Trust that is credited to one or more Participant's Accounts in accordance with the terms of Section 3.2 hereof.

1.19 PARTICIPANT. An Eligible Employee who has become a Participant as provided in Section 3.1 and whose Account has not been fully distributed.

1.20 PLAN. The Amended and Restated Movado Group, Inc. Deferred Compensation Plan for Executives.

1.21 PLAN YEAR. The twelve (12) month period ending December 31.

1.22 SALARY DEFERRALS. The portion of Compensation that a Participant elects to defer in accordance with Section 3.1 hereof.

1.23 SALARY DEFERRAL ELECTION. The separate written agreement, submitted to the Administrator, by which an Eligible Employee agrees to participate in this Plan and make Salary Deferral hereunder.

1.24 TOTAL AND PERMANENT DISABILITY. Any medically determinable physical or mental disorder that renders a Participant incapable of continuing in the employment of an Employer and is (expected to continue for the remainder of a Participant's life, as determined by the Administrator in its sole discretion.

1.25 TRUST. The Trust under the Plan.

1.26 TRUSTEE. The trustee under the Trust and any successor Trustee appointed pursuant to the Trust.

1.27 YEAR OF SERVICE. A Participant's twelve (12) month period of employment with an Employer beginning on the Participant's first day of employment with the Employer. Periods of employment of less than twelve (12) full months shall not constitute a Year of Service.

ARTICLE II
PARTICIPATION

2.1 ELIGIBILITY FOR PARTICIPATION.

(a) The Employers shall determine which Eligible Employees shall become Participants and the category of benefits, under Section 2.3, to which they will be entitled. The Employers' determination under this Section 2.1 and under Section 2.3 shall be set forth in Schedule A, attached hereto.

(b) An Employer may determine that a Participant shall cease being a Participant as of any date specified by it; provided, however, that the Employer may not reduce the Account of such Participant as of the date such determination is made. Such determination shall be specified in Schedule B.

2.2 COMMENCEMENT OF PARTICIPATION.

(a) Each Eligible Employee selected to become a Participant (pursuant to Section 1.1) shall become a Participant as of the date specified by an Employer, as set forth in Schedule A.

(b) Notwithstanding subsection (a), a Salary Deferral Election with respect to a Plan year shall not be effective except to the extent it complies with Section 3.1.

2.3 BENEFITS. The Employers shall determine, from time to time, whether a Participant is to be treated as a Group I or Group II Employee. An Employer may change the classification of any Participant as of any date specified by it; provided, however, that the Account of such Participant shall not be reduced by such change of classification. The classification of any Participant shall be set forth in Schedule A. Participants shall cease to contribute hereunder after they cease to be employed by any of the Employers.

ARTICLE III
CONTRIBUTIONS

3.1 SALARY DEFERRALS.

(a) The Employers shall credit to the Account of a Participant an amount equal to the amount designated in the Participant's Salary Deferral Election for each Plan Year. Such amounts shall not be made available to such Participant, except as provided in ARTICLE VI, and shall reduce such Participant's Compensation from an Employer in accordance with the provisions of the applicable Salary Deferral Election; provided, however, that all such amounts shall be subject to the rights of the general creditors of each of the Employers as provided in ARTICLE VIII.

(b) Each Eligible Employee shall deliver a Salary Deferral Election to his or her Employer before any Salary Deferrals become effective. Such Salary Deferral Election shall be void with respect to any Salary Deferral unless submitted before the beginning of the calendar year during which the amount to be deferred will be earned; provided, however, that in the year in which this Plan is first adopted or an Employee is first eligible to participate, such Salary Deferral election may be filed within thirty (30) days of the date on which this Plan is adopted or the date on which an Employee is first eligible to participate, respectively, with respect to Compensation earned during the remainder of the calendar year.

(c) The Salary Deferral Election shall designate the amount of Compensation deferred by each Participant and such other items as the Administrator may prescribe. Such designations shall remain effective unless amended as provided in subsection (d), below. There shall be no maximum limit on the Salary Deferrals permitted for each Participant.

(d) A Participant may amend his or her Salary Deferral Election from time to time for any Plan Year that has not yet commenced. If a Participant amends his or her Salary Deferral Election in a given Plan Year to reduce or discontinue Salary Deferrals for the balance of that Plan Year, then the Participant's Account shall be reduced by ten

percent (10%) of such unpaid amount, with such reduction being made from the Participant's Salary Deferral subaccount (or such other subaccount as the Administrator shall determine).

3.2 MATCHING CONTRIBUTIONS.

(a) Each Employer shall also credit to the Account of each Participant who is its Employee, who is a Group I Employee and who makes Salary Deferrals a Matching Contribution in an amount equal to one hundred percent (100%) of the Salary Deferrals contributed by such Participant up to a maximum of ten percent (10%) of such Participant's Base Salary.

(b) Each Employer shall also credit to the Account of each Participant who is its Employee, who is a Group II Employee and who makes Salary Deferrals a Matching Contribution in an amount equal to one hundred percent (100%) of the Salary Deferrals contributed by such Participant up to a maximum of five percent (5%) of such Participant's Base Salary.

(c) Matching Contributions for a Plan Year will be credited to the Account of a Participant under this Section 3.2 only if such Participant is an Employee on the last day of such Plan Year. The requirement set forth in this Section 3.2(c) shall be waived in the event of: (i) the death of a Participant during such Plan Year, (ii) the termination of the Participant's employment after having incurred a Total and Permanent Disability during such Plan Year, or (iii) the termination of the Participant's employment during such Plan Year after having reached the age of sixty-five (65).

(d) Twenty percent (20%) of the Matching Contributions for a Participant shall be made in rights to Company Stock, as determined under Section 3.3.

(e) Matching Contributions for a Plan Year shall be made no earlier than the last day of each quarter of such Plan Year. Matching Contributions made during a Plan Year shall remain subject to all conditions specified in this Plan, including those in subsection (c) above.

3.3 COMPANY STOCK.

(a) Matching Contributions for a Participant in the form of rights to Company Stock shall consist of bookkeeping credits to the Accounts and Class Year Accounts for such Participant. Such credits will initially be determined by crediting to such Participant's Accounts and Class Year Accounts the number of shares (including fractional shares) of Company Stock that such Matching Contribution could purchase based upon the value of the Company Stock at the end of the month in which such Matching Contribution is made (or credited). All determinations of the value of Company Stock will be made by the Treasurer of the Company in his or her sole discretion.

(b) Dividends declared on Company Stock shall not be credited to the Account and Class Year Accounts of any Participant.

(c) When a Participant or Beneficiary is entitled to a distribution pursuant to ARTICLE VI with respect to his or her rights to Company Stock, the Company shall issue to the Participant or Beneficiary the number of shares of Company Stock that equal the number of full shares then credited in such Participant's Accounts. The Company shall pay any fractional shares in cash. If payment to the Participant or Beneficiary is being made in installments, the Administrator, in its sole discretion, shall determine whether such Company Stock shall be paid in like installments, as a lump-sum in connection with such installments or in any other manner consistent with such installment payments.

3.4 EMPLOYER CONTRIBUTIONS. The Employers reserve the right to make discretionary contributions to Participants' Accounts in such amount and in such manner as may be determined by the Employers.

3.5 TIME OF CONTRIBUTIONS.

(a) Salary Deferrals shall be transferred to the Trust as soon as administratively feasible following each payroll period. Matching Contributions (other than Company Stock or the rights to Company Stock) and Option Deferrals shall be transferred to the Trust no later than thirty (30) days following the last day of the Plan Year. The Employers shall also transmit at the same time any necessary instructions regarding the allocation of such amounts among the Accounts of Participants.

(b) Employer Contributions shall be transferred to the Trust at such time as the Employers shall determine. The Employers shall also transmit at that time any necessary instructions regarding the allocation of such amounts among the Accounts of Participants.

3.6 FORM OF CONTRIBUTIONS. All Salary Deferrals, Matching Contributions and Employers Contributions to the Trust shall be made in the form of cash or cash equivalents of United States currency, except as otherwise provided herein. Notwithstanding the foregoing, Salary Referrals may be made in the form of Company Stock or rights to Company Stock which the Participant would otherwise be entitled to receive as Compensation.

ARTICLE IV
VESTING

4.1 VESTING.

(a) Except as otherwise provided herein, a Participant shall have a nonforfeitable right to the vested portion of his or her Class Year Accounts; provided, however, that all such amounts shall be subject to the rights of the general creditors of the Employers as provide in ARTICLE VII.

(b) Each Class Year Account of a Participant will vest twenty percent (20%) if the Participant is still an Employee on the last day of each Plan Year beginning with the Plan Year of such Class Year Account. Thereafter, such Class Year Account shall vest an additional twenty percent (20%) on the last day of each Plan Year as long as the Participant is still an Employee and therefore shall be fully vested on the last day of the fourth Plan Year following the first plan Year of such Class Year Account if the Participant is still then an Employee. Further vesting shall cease once a Participant is no longer an Employee.

(c) The portion of a Participant's Class Year Accounts attributable to Salary Deferral and Option Deferrals, and earnings thereon, shall be fully vested.

(d) A Participant who attains the age of sixty-five (65) shall be fully vested in the amounts credited to all of his or her Accounts.

(e) A Participant who has a termination of employment due to Total and Permanent Disability shall be fully vested in the amounts credited to all of his or her Class Year Account.

(f) If a Change in Control occurs, all amounts attributable to Matching Contributions shall be fully vested as of the effective date of such Change in Control.

(g) Any amounts credited to a Participant's Class Year Accounts that are not vested at the time of his or her termination of employment with an Employer shall be forfeited. The Administrator shall determine the extent to which such forfeiture shall consist of rights to Company Stock.

ARTICLE V
ACCOUNTS

5.1 ACCOUNTS.

(a) (1) The Administrator shall establish and maintain a bookkeeping account in the name of each Participant. Unless otherwise directed by the Employers, the Trustee shall also maintain and invest separate omnibus accounts that correspond to each Participant's Account.

(2) The Administrator may also establish any subaccounts that it feels may be appropriate. The Administrator shall also establish and maintain subaccounts in each Participant's Account that shall be denominated as Class Year Accounts. The Administrator shall also establish and maintain subaccounts in each Participant's Account for rights to Company Stock.

(b) (1) Each Participant's Account shall be credited with Salary Deferrals (as specified in the Participant's Salary Deferral Election), any Matching Contributions allocable thereto, any Option Deferrals, any Employer Contributions and any earnings or losses on the foregoing. Each Participant's Account shall be reduced by any

distributions made plus any federal and state tax withholding and any social security withholding tax as may be required by law.

(2) Separate Class Year Accounts for a Participant shall consist of each Participant's Salary Deferrals, Option Deferrals, Matching Contributions and Employer Contributions that are made with respect to a given Plan Year and any earnings or losses on such amounts. Class Year Accounts shall be separately maintained for a Participant for each Plan Year and such Class Year Accounts are fully vested (as provided in ARTICLE IV), at which time successfully vested Class Year Accounts shall be merged.

5.2 INVESTMENTS, GAINS AND LOSSES.

(a) (1) By written investment directions to the Administrator, each Participant shall direct the investment of his or her Account (other than the subaccount for rights to Company Stock) among the investment funds available under this Plan. The Administrator may require separate investment directions with respect to each Class Year Account of a Participant. In the absence of timely instructions, a Participant's Account shall be invested in a money market fund as selected by the Administrator. In accordance with rules established by the Administrator, each Participant shall be allowed to modify his or her investment directions (or the initial investment made in the absence of directions from the Participant) with respect to all or any portion of his or her Account, effective as of the first day following the date of modification (or such other time specified by the Administrator). A Participant's change of investment directions shall apply to the existing balance in his or her Account and to future amounts to be credited thereto, as the Participant may elect.

(2) Notwithstanding subsection (a)(1), neither the Administrator nor the Trustee are obligated to follow any investment instruction received by a Participant pursuant to subsection (a)(1).

(3) The Employers, or the Trustee if an Employer so directs, shall, from time to time, establish the investment funds available under the Plan.

(b) The Administrator shall adjust the amounts credited to each Participant's Account to reflect Salary Deferrals, Option Deferrals, Matching Contributions,

Employer Contributions, investment experience, distributions and any other appropriate adjustments. Such adjustments its shall be made as frequently as is administratively feasible.

5.3 FORFEITURES. Any forfeitures from a Participant's Account shall continue to be held in the Trust, shall be separately invested and shall be used to reduce succeeding Matching Contributions and Employer Contributions until such forfeitures have been entirely so applied. If no further Matching Contributions or Employee Contributions will be made, then such forfeitures shall be returned to the Employer that made such contribution.

ARTICLE VI
DISTRIBUTIONS

6.1 PAYMENT.

(a) (1) Benefits shall be paid in roughly equal annual installments over a period of ten (10) years payable in January of each year.

(2) Notwithstanding subsection (a)(1), the Administrator, in its sole discretion may pay any amounts due to a Participant in a lump-sum.

(b) In the event that a Participant who is a former Employee and who is receiving installment payments under subsection (a)(1) is determined by the Administrator to be providing services for a competitor of an Employer within two (2) years after his or her terminate m of employment with an Employer, then all remaining amounts due such Participant under the Plan shall be paid in a lump sum.

(c) Payment may be made in Company Stock to the extent the Participant's Account has been denominated in Company Stock (under Section 3.3 or otherwise). Otherwise, payment shall be made in cash.

6.2 COMMENCEMENT OF PAYMENT.

(a) Except as otherwise provided herein, payments to a Participant shall commence in the January immediately after the calendar year in which the Participant has had a terminal)n of employment with an Employer.

(b) The Administrator may permit an early distribution (before the date set forth in Section 6.2(a)) of part or all of any deferred amounts; provided, however, that such distribution shall be made only if the Administrator, in its sole discretion, determines that the Participant has experienced an unforeseen emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship to the Participant if early distribution were not permitted. Any distribution pursuant to this subsection is limited to the amount it necessary to meet the hardship.

(c) Upon the death of a Participant, all amounts credited to his or her Account shall be fully vested and shall be paid to his or her beneficiary or beneficiaries, as determined under ARTICLE VII hereof.

(d) (1) A Participant who has experienced a hardship, as determined by the Administrator, in its sole discretion, shall be permitted to receive, in a lump-sum payment, a distribution of up to fifty percent (50%) of the vested portion of his or her Account exclusive of the subaccount for Company Stock; provided, however, that ten percent (10%) of the amount designated for distribution shall be treated as a forfeiture under Section 5.3 from the balance of the Participant's Account.

(2) A Participant who receives a hardship distribution under subsection (d)(1) shall not receive any Matching Contributions or Employer Contributions and shall not be permitted to make any further Salary Deferrals for the balance of the Plan Year and for the following Plan Year.

(3) A Participant shall not be permitted to receive more than two (2) hardship distributions under subsection (d)(1).

(e) (1) A Participant who filed an election under this subsection (e) shall receive distribution from the vested portion of his or her Account in accordance with that election; provided, however, that amounts in the Participant's Account distributed under this subsection (e) shall not include Matching Contributions or Employer Contributions.

(2) An election under this subsection (e) shall be made with the Administrator on a form prescribed by the Administrator. The election shall only be valid if

filed at least two (2) years before the date of distribution; provided, however, that a Participant may amend an otherwise valid election to defer the date of distribution as long as that amendment is filed with the Administrator at least six (6) months before the otherwise applicable date of distribution.

ARTICLE VII
BENEFICIARIES

7.1 BENEFICIARIES. Each Participant may from time to time designate one or more persons who may be any one or more members of such Participant's family or other persons, administrators, trusts, foundations or other entities) as his or her beneficiary under this Plan. Such designation shall be made on a form prescribed by the Administrator. Each Participant may at any time and from time to time, change any previous beneficiary designation, without notice to or consent of any previously designated beneficiary, by amending his or her previous designation on a form prescribed by the Administrator. If the beneficiary does not survive the Participant (or is otherwise unavailable to receive payment) or if no beneficiary is validly designated, then the amounts payable under this Plan shall be paid to the Participant's surviving spouse, if any, and, if none, to the Participant's estate and such person shall be deemed to be a beneficiary hereunder. If more than one person is the beneficiary of a deceased Participant, each such person shall receive a pro rata share of any death benefit payable unless otherwise designated on the applicable form. If a beneficiary who is receiving benefits dies, all benefits that were payable to such beneficiary shall then be payable to the estate of that beneficiary.

7.2 LOST BENEFICIARY.

(a) All Participants and beneficiaries shall have the obligation to keep the Administrator informed of their current address until such time as all benefits due have been paid.

(b) If a Participant or beneficiary cannot be located by the Administrator exercising due diligence, then, in its sole discretion, the Administrator may presume that the Participant or beneficiary is deceased for purposes of this Plan and all unpaid amounts (net

of due diligence expenses) owed to the Participant or beneficiary shall be paid accordingly or, if a beneficiary cannot be so located, then such amounts may be forfeited. Any such presumption of death shall be final, conclusive and binding on all parties.

ARTICLE VIII
FUNDING

8.1 PROHIBITION AGAINST FUNDING. Should any investment be acquired in connection with the liabilities assumed under this Plan, it is expressly understood and agreed that the Participants and beneficiaries shall not have any right with respect to, or claim against, such assets nor shall any such purchase be construed to create a trust of any kind or a fiduciary relationship between the Employers and the Participants, their beneficiaries or any other person. Any such assets (including any amounts deferred by a Participant or contributed by the Employers pursuant to ARTICLE III hereof) shall be and remain a part of the general, unpledged, unrestricted assets of the Employers, subject to the claims of its general creditors. It is the express intention of the parties hereto that this arrangement shall be unfunded for tax purposes and for purposes of Title I of ERISA. Each Participant and beneficiary shall be required to look to the provisions of this Plan and to the Employers themselves for enforcement of any and all benefits due under this Plan, and to the extent any such person acquires a right to receive payment under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employers. The Employers or the Trust shall be designated the owner and beneficiary of any investment acquired in connection with its obligation under this Plan.

8.2 DEPOSITS IN TRUST. Notwithstanding Section 8.1, or any other provision of this Plan to the contrary, the Employers may deposit into the Trust any amounts they deem appropriate to pay the benefits under this Plan. The amounts so deposited may include all contributions made pursuant to a Salary Deferral Election by a Participant, any Employer Contributions and any Matching Contributions.

8.3 INDEMNIFICATION OF TRUSTEE.

(a) The Trustee shall not be liable for the making, retention, or sale of any investment or reinvestment made by it, as herein provided, nor for any loss to, or diminution of, the Trust assets, unless due to its own negligence, willful misconduct or lack of good faith.

(b) Such Trustee shall be indemnified and saved harmless by the Employers from and against all personal liability to which it may be subject by reason of any act done or omitted to be done in its official capacity as Trustee in good faith in the administration of this Plan and the Trust, including all expenses reasonably incurred in its defense in the event an Employer fails to provide such defense upon the request of the Trustee. The Trustee is relieved of all responsibility in connection with its duties hereunder to the fullest extent permitted by law, short of breach of duty to the beneficiaries.

8.4 WITHHOLDING OF EMPLOYEE CONTRIBUTIONS. The Administrator is authorized to make any and all necessary arrangements with the Employers in order to withhold the Participant's Salary Deferrals under Section 3.1 hereof from his or her pay. The Administrator shall determine the amount and timing of such withholding.

ARTICLE IX
CLAIMS PROCEDURE

9.1 GENERAL. In the event that a Participant or his or her beneficiary does not receive any Plan benefit that is claimed, such Participant or beneficiary shall be entitled to consideration and review as provided in this ARTICLE IX. Such consideration and review shall be conducted in a manner designed to comply with section 503 of ERISA.

9.2 CLAIM REVIEW. Upon receipt of any written claim for benefits, the Administrator shall be notified and shall give due consideration to the claim presented. If the claim is denied to any extent by the Administrator, the Administrator shall furnish the claimant with a written notice setting forth (in a manner calculated to be understood by the claimant):

(a) the specific reason or reasons for denial of the claim;

(b) a specific reference to this Plan provisions on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the provisions of this ARTICLE IX.

9.3 RIGHT OF APPEAL. A claimant who has a claim denied under Section 9.2 may appeal to the Administrator for reconsideration of that claim. A request for reconsideration under this Section 9.3 must be filed by written notice within sixty (60) days after receipt by the claimant of the notice of denial under Section 9.2.

9.4 REVIEW OF APPEAL. Upon receipt of an appeal, the Administrator shall promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Administrator feels such a hearing is necessary. In preparing for the appeal, the claimant shall be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal, the Administrator shall issue a written decision which shall be binding on all parties. The decision shall be written in a manner calculated to be understood by the claimant and shall specifically state its reasons and pertinent Plan provisions on which it relies. The Administrator's decision shall be issued within sixty (60) days after the appeal is filed, except that if a hearing is held the decision may be issued within one hundred twenty (120) days after the appeal is filed.

9.5 DESIGNATION. The Administrator may designate one or more of its members or any other person of its choosing to make any determination otherwise required under this ARTICLE IX.

ARTICLE X
ADMINISTRATION OF THE PLAN

10.1 COMMITTEE AS ADMINISTRATOR. The committee designated in this Section 10.1 shall be the Administrator. The name of the committee shall be the Deferred Compensation Committee and shall consist of such individuals, corporations or other entities as the Employers shall from time to time appoint. Until otherwise designated by the Employers, the members of the Deferred Compensation Committee shall be those persons holding the following positions (or their nearest equivalent) at the Company: Chief Financial Officer; Treasurer; President and Chief Operating Officer; and Vice President, Human Resources.

10.2 ACTIONS TAKEN BY THE COMMITTEE. All resolutions or other actions taken by the Deferred Compensation Committee at a meeting shall be by the affirmative vote of a majority of those present at the meeting. More than half of the members must be present to constitute a quorum or a meeting. Any member of the Deferred Compensation Committee may sign any document or instrument requiring the signature of the Deferred Compensation Committee or otherwise act on behalf of the Deferred Compensation Committee, unless otherwise directed by the Deferred Compensation Committee. The Deferred Compensation Committee may adopt such additional rules of procedures and conduct as it deems appropriate.

10.3 BOND AND COMPENSATION. The members of the Deferred Compensation Committee shall serve without bond, except as otherwise required by law, and without remuneration for their services as such.

10.4 DUTIES OF THE COMMITTEE. The Deferred Compensation Committee shall undertake all duties assigned to it under the Plan and Trust and shall undertake all actions, express or implied, necessary for the proper administration of the Plan. All actions and decisions of the Deferred Compensation Committee shall be made in its sole discretion, unless expressly otherwise provided in the Plan. The Deferred Compensation Committee's duties and responsibilities include, but are not limited to, the following:

(a) adopting and enforcing such rules and regulations that it deems necessary or appropriate for the administration of the Plan in accordance with applicable law;

(b) interpreting the Plan, in its sole discretion, with its good faith interpretation thereof to be final and conclusive on any Employee, former Employee, Participant, former Participant, beneficiary or other party;

(c) deciding all questions concerning the Plan, including the eligibility of any person to participate in the Plan in accordance with the Plan provisions;

(d) computing the amounts to be distributed to any Participant, former Participant or beneficiary in accordance with the provisions of the Plan, determining the person or persons to whom such amounts will be distributed and determining when such amounts will be distributed;

(e) authorizing the payment of distributions;

(f) keeping such records and submitting such filings, elections, applications, returns or other documents or forms as may be required under the Code and applicable regulations, or under other federal, state or local law and regulations; and

(g) appointing such agents, counsel, accountants and consultants as may be required to assist in administering the Plan.

10.5 EMPLOYERS TO FURNISH INFORMATION. To enable the Deferred Compensation Committee to perform its functions, the Employers shall supply full and timely information to the Deferred Compensation Committee on all matters relating to the remuneration of all Participants, their retirement, death or other cause of separation from service, and such other pertinent acts as the Deferred Compensation Committee may require.

10.6 EXPENSES. All expenses of Plan administration and operation, including the fees of any agents or counsel employed and including any expenses attributable to a termination of the Plan, shall be paid by the Employers. To the extent that the Employers may be liable for social security or other withholding tax, the Administrator, in its sole discretion, may charge such expenses to the benefits due to the applicable Participant or Beneficiary.

10.7 INDEMNIFICATION. The Employers hereby agree to indemnify each and every member of the Deferred Compensation Committee or Employee acting on behalf of the Deferred Compensation Committee for any expenses or liabilities (other than those due to willful misconduct) actually incurred in or arising out of the performance of their duties under the Plan, including but not limited to, litigation expenses and attorneys fees.

ARTICLE XI
GENERAL PROVISIONS

11.1 NO ASSIGNMENT. Benefits or payments under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or the Participant's beneficiary, whether voluntary or involuntary, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish the same shall not be valid, nor shall any such benefit or payment be in any way liable for or subject to the debts, contracts, liabilities, engagement or torts of any Participant or beneficiary, or any other person entitled to such benefit or payment pursuant to the terms of this Plan, except to such extent as may be required by law. If any Participant or beneficiary or any other person entitled to a benefit or payment pursuant to the terms of this Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber, attach or garnish any benefit or payment under this Plan, in whole or in part, or if any attempt is made to subject any such benefit or payment, in whole or in part, to the debts, contracts, liabilities, engagements or torts of the Participant or beneficiary or any other person entitled to any such benefit or payment pursuant to the terms of this Plan, then such benefit or payment, in the discretion of the Administrator, shall cease and terminate with respect to such Participant or beneficiary, or any other such person.

11.2 NO EMPLOYMENT RIGHTS. Participation in this Plan shall not be construed to confer upon any Participant the legal right to be retained in the employ of the Employers, or give a Participant or beneficiary, or any other person, any right to any payment whatsoever, except to the extent of the benefits provided for hereunder. Each Participant shall remain subject to discharge to the same extent as if this Plan had never been adopted.

11.3 INCOMPETENCE. If the Administrator determines that any person to whom a benefit is payable under this Plan is incompetent by reason of physical or mental disability, the Administrator shall have the power to cause the payments becoming due to such person to be made to another for his or her benefit without responsibility of the Administrator or the Employers to see to the application of such payments. Any payment made pursuant to such power shall, as to such payment, operate as a complete discharge of the Employers, the Administrator and the Trustee.

11.4 IDENTITY. If, at any time, any doubt exists as to the identity of any person entitled to any payment hereunder or the amount or time of such payment, the Administrator shall be entitled to hold such sum until such identity or amount or time is determined or until an order of a court of competent jurisdiction is obtained. The Administrator shall also be entitled to pay such sum into court in accordance with the appropriate rules of law. Any expenses incurred by the Employers, Administrator, and Trust incident to such proceeding or litigation shall be charged against the Account of the affected Participant.

11.5 OTHER BENEFITS. The benefits of each Participant or beneficiary hereunder shall be in addition to any benefits paid or payable to or on account of the Participant or beneficiary under any other pension, disability, annuity or retirement plan or policy whatsoever.

11.6 NO LIABILITY. No liability shall attach to or be incurred by any employee, officer, director or manager of an Employer, Trustee or any Administrator under or by reason of the terms, conditions and provisions contained in this Plan, or for the acts or decisions taken or made hereunder or in connection herewith; and as a condition precedent to the establishment of this Plan or the receipt of benefits thereunder, or both, such liability, if any, is expressly waived and released by each Participant and by any and all persons claiming under or through any Participant or any other person. Such waiver and release shall be conclusively evidenced by any act or participation in or the acceptance of benefits or the making of any election under this Plan.

11.7 INSOLVENCY. Should an Employer be considered insolvent (as defined by the Trust), such Employer, through its board of directors and chief executive officer, shall give

immediate written notice of such to the Administrator of this Plan and the Trustee. Upon receipt of such notice, the Administrator or Trustee shall cease to make any payments to Participants who were Employees of the Employer or their beneficiaries and shall hold any and all assets attributable to such Employer for the benefit of the general creditors of that Employer.

11.8 AMENDMENT AND TERMINATION.

(a) Except as otherwise provided in this Section 11.8, the Employers shall have the sole authority to modify, amend or terminate this Plan; provided, however, that any modification or termination of this Plan shall not reduce, alter or impair, without the consent of a Participant, a Participant's right to any amounts already credited to his or her Account on the day before the effective date of such modification or termination. Following such termination, payment of such credited amounts may be made in a single-sum payment if the Employers so designate. Any such decision to pay in a single sum shall apply to all Participants.

(b) Any funds remaining in the Trust after termination of this Plan and satisfaction of all liabilities to Participants and others, shall be returned to the Employers.

11.9 EMPLOYER DETERMINATIONS. Any determinations, actions or decisions of the Employers (including but not limited to, Plan amendments and Plan termination) shall be made by the board of directors of the Employers in accordance with their established procedures or by such other individuals, groups or organizations that have been properly delegated by the board of directors to make such determination or decision.

11.10 CONSTRUCTION. All questions of interpretation, construction or application arising under or concerning the terms of this Plan shall be decided by the Administrator, in its sole and final discretion, whose decision shall be final, binding and conclusive upon all persons.

11.11 GOVERNING LAW. This Plan shall be governed by, construed and administered in accordance with the applicable provisions of ERISA, and any other applicable federal law, provided however, that to the extent not preempted by federal law this Plan shall be

governed by, construed and administered under the laws of the State of New York, other than its laws respecting choice of law.

11.12 SEVERABILITY. If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of this Plan and this Plan shall be construed and enforced as if such provision had not been included therein. If the inclusion of any Employee (or Employees) as a Participant under this Plan would cause this Plan to fail to comply with the requirements of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, then this Plan shall be severed with respect to such Employee or Employees, who shall be considered to be participating in a separate arrangement.

11.13 HEADINGS. The headings contained herein are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of this Plan nor in any way shall they affect this Plan or the construction of any provision thereof.

11.14 TERMS. Capitalized terms shall have meanings as defined herein. Singular nouns shall be read as plural, masculine pronouns shall be read as feminine, and vice versa, as appropriate.

11.15 APPROVAL OF IRS. If an Employer seek a private letter ruling from the Internal Revenue Service and the Internal Revenue Service does not issue a ruling acceptable to the Employees regarding this Plan, then this Plan (and the Trust), at the election of the Employers, shall be void ab initio and all Salary Deferrals shall be returned to the Employees who made such contributions and all Employer Contributions and Matching Contributions shall be returned to the Employer that made such contributions.

11.16 TERM OF PLAN. This Plan shall continue in effect, unless sooner terminated as provided herein, for a term expiring on June 17, 2014. Such term may be extended only by the affirmative vote of a majority of the votes cast by the shareholders of Movado Group, Inc., present in person or represented by proxy, at a duly called meeting of such shareholders. Any expiration of this Plan under this Section 11.16, shall be treated in the same manner as termination of the Plan under Section 11.8.

MOVADO GROUP, INC.
1996 STOCK INCENTIVE PLAN
(AMENDED AND RESTATED AS OF APRIL 8, 2004)

1. PURPOSE

The purpose of the Plan is to provide a means through which the Company and its Affiliates may attract able persons to enter and remain in the employ of the Company and its Affiliates and to provide a means whereby employees, directors and consultants of the Company and its Affiliates can acquire and maintain Common Stock ownership, or be paid incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company and its Affiliates and promoting an identity of interest between stockholders and these persons.

So that the appropriate incentive can be provided, the Plan provides for granting Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Phantom Stock Units, Performance Share Units and Stock Bonuses, or any combination of the foregoing.

This Plan in an amendment and restatement of the Movado Group, Inc. 1996 Stock Incentive Plan (the "1996 Plan"); provided, however, that all awards granted under the 1996 Plan will continue to be governed by the terms of the 1996 Plan and the Award Agreements issued thereunder.

2. DEFINITIONS

The following definitions shall be applicable throughout the Plan.

(a) "Affiliate" means (i) any entity that directly or indirectly is controlled by, controls or is under common control with the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

(b) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock Award, Phantom Stock Unit Award, Performance Share Unit Award or Stock Bonus Award.

(c) "Award Period" means a period of time within which performance is measured for the purpose of determining whether an Award of Performance Share Units has been earned.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control," shall, unless in the case of a particular Award, the applicable Award agreement states otherwise or contains a different definition of "Change in Control," be deemed to occur upon:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more (on a fully diluted basis) of (A) the then outstanding shares of common stock of the Company, taking into account as outstanding for this purpose such common stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such common stock (the "Outstanding Company Common Stock")

and (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this Agreement, the following acquisitions shall not constitute a Change of Control: (I) any acquisition by the Company or any Affiliate, (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate, (III) any acquisition by a "Permitted Transferee," as defined in the Company's Certificate of Incorporation, (IV) any acquisition which complies with clauses (A), (B) and (C) of subsection (v) of this Section 2(e), or (V) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of persons including the Participant (or any entity controlled by the Participant or any group of persons including the Participant);

(ii) Individuals who, on the date hereof, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(iii) the dissolution or liquidation of the Company;

(iv) the sale of all or substantially all of the business or assets of the Company; or

(v) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (A) at least 50% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Company"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the directors of the Surviving Company (the "Parent Company"), is represented by the Outstanding Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the Outstanding Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of the Outstanding Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no Person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company or a "Permitted Transferee," as defined in the Company's Certificate of Incorporation), is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Company (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination.

(f) "Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(g) "Committee" means a committee of at least two people as the Board may appoint to administer the Plan or, if no such committee has been appointed by the Board, the Board. Unless the Board is acting as the Committee or the Board specifically determines otherwise, each member of the Committee shall, at the time he takes any action with respect to an Award under the Plan, be an

Eligible Director. However, the mere fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award made by the Committee which is otherwise validly granted under the Plan.

(h) "Common Stock" means the common stock, par value \$0.01 per share, of the Company, but does not include the Class A common stock of the Company.

(i) "Company" means Movado Group, Inc.

(j) "Date of Grant" means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization or, if there is no such date, the date indicated on the applicable Award agreement.

(k) "Effective Date" of this amendment and restatement means April 8, 2004.

(l) "Eligible Director" means a person who is (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, or a person meeting any similar requirement under any successor rule or regulation and (ii) an "outside director" within the meaning of Section 162(m) of the Code, and the Treasury Regulations promulgated thereunder; provided, however, that clause (ii) shall apply only with respect to grants of Awards with respect to which the Company's tax deduction could be limited by Section 162(m) of the Code if such clause did not apply.

(m) "Eligible Person" means any (i) individual regularly employed by the Company, a Subsidiary or Affiliate who satisfies all of the requirements of Section 6; provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of the Company, a Subsidiary or an Affiliate or (iii) consultant or advisor to the Company, a Subsidiary or an Affiliate who may be offered securities pursuant to Form S-8 (which, as of the Effective Date, includes those who (A) are natural persons and (B) provide bona fide services to the Company other than in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities).

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Fair Market Value, on a given date means (i) if the Stock is listed on a national securities exchange, the mean between the highest and lowest sale prices reported as having occurred on the primary exchange with which the Stock is listed and traded on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported; (ii) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ") on a last sale basis, the average between the high bid price and low ask price reported on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Stock is not listed on a national securities exchange nor quoted in NASDAQ on a last sale basis, the amount determined by the Committee to be the fair market value based upon a good faith attempt to value the Stock accurately and computed in accordance with applicable regulations of the Internal Revenue Service.

(p) "Incentive Stock Option" means an Option granted by the Committee to a Participant under the Plan which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth herein.

(q) "Mature Shares" means shares of Stock or shares of Class A common stock of the Company owned by a Participant which are not subject to any pledge or other security interest

and have either been held by the Participant for six months, previously acquired by the Participant on the open market or meet such other requirements as the Committee may determine are necessary in order to avoid an accounting earnings charge on account of the use of such shares to pay the Option Price or satisfy a withholding obligation in respect of an Option.

(r) "Nonqualified Stock Option" means an Option granted by the Committee to a Participant under the Plan which is not designated by the Committee as an Incentive Stock Option.

(s) "Option" means an Award granted under Section 7.

(y) "Option Period" means the period described in Section 7(c).

(u) "Option Price" means the exercise price for an Option as described in Section 7(a).

(v) "Participant" means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to Section 6.

(w) "Performance Goals" means the performance objectives of the Company or Affiliate during an Award Period or Restricted Period established for the purpose of determining whether, and to what extent, Awards will be earned for an Award Period or Restricted Period. To the extent an Award is intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Performance Goals shall be established with reference to one or more of the following, either on a Company-wide basis or, as relevant, in respect of one or more Affiliates, divisions or operations of the Company:

(i) earnings (gross, net or per share)

(ii) stock price (absolute or relative to other companies)

(iii) market share

(iv) gross or net profit margin

(v) return on equity

(vi) sales

(vii) costs or expenses

(x) "Performance Share Unit" means a hypothetical investment equivalent to one share of Stock granted in connection with an Award made under Section 9.

(y) "Phantom Stock Unit" means a hypothetical investment equivalent to one share of Stock granted in connection with an Award made under Section 10.

(z) "Plan" means this Movado Group, Inc. 1996 Stock Incentive Plan, as amended and restated as of April 8, 2004.

(aa) "Restricted Period" means, with respect to any share of Restricted Stock or any Phantom Stock Unit, the period of time determined by the Committee during which such Award is subject to the restrictions set forth in Section 10.

(bb) "Restricted Stock" means shares of Stock issued or transferred to a Participant subject to forfeiture and the other restrictions set forth in Section 10.

(cc) "Restricted Stock Award" means an Award of Restricted Stock granted under Section 10.

(dd) "Securities Act" means the Securities Act of 1933, as amended.

(ee) "Stock" means the Common Stock or such other authorized shares of stock of the Company as the Committee may from time to time authorize for use under the Plan.

(ff) "Stock Appreciation Right" or "SAR" means an Award granted under Section 8 of the Plan.

(gg) "Stock Bonus" means an Award granted under Section 11.

(hh) "Stock Option Agreement" means any agreement between the Company and a Participant who has been granted an Option pursuant to Section 7 which defines the rights and obligations of the parties thereto.

(ii) "Strike Price" means, in respect of an SAR, (i) in the case of an SAR granted in tandem with an Option, the Option Price of the related Option, or (ii) in the case of an SAR granted independent of an Option, the Fair Market Value on the Date of Grant.

(jj) "Subsidiary" means any subsidiary of the Company as defined in Section 424(f) of the Code.

(kk) "Vested Unit" shall have the meaning ascribed thereto in Section 10(d).

3. Effective Date, Duration and Shareholder Approval

The amendment and restatement of the Plan is effective as of the Effective Date; provided that the validity and exercisability of any and all Awards granted on or after the Effective Date pursuant to the amended and restated Plan (i) in respect of shares of Stock in excess of that available under the Plan immediately prior to the Effective Date, (ii) of a type not available under the Plan immediately prior to the Effective Date or (iii) to any person not eligible to receive Awards under the Plan immediately prior to the Effective Date, is contingent upon approval of the Plan by the shareholders of the Company following the Effective Date, in a manner intended to comply with the shareholder approval requirements of Sections 162(m) and 422 of the Code, and of the New York Stock Exchange. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the shareholders of the Company in a manner intended to comply with the shareholder approval requirements of Section 422(b)(i) of the Code; provided that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained.

The expiration date of the Plan, on and after which no Awards may be granted hereunder, shall be the day prior to the tenth anniversary of the Effective Date; provided, however, that the administration of the Plan shall continue in effect until all matters relating to Awards previously granted have been settled.

4. ADMINISTRATION

The Committee shall administer the Plan. The majority of the members of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present or acts approved in writing by a majority of the Committee shall be deemed the acts of the Committee.

Subject to the provisions of the Plan and applicable law, the Committee shall have the power, and in addition to other express powers and authorizations conferred on the Committee by the Plan, to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, shares of Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, Stock, other securities, other Options other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret, administer, reconcile any inconsistency, correct any default and/or supply any omission in the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action specified under the Plan or that the Committee deems necessary or desirable for the administration of the Plan.

(b) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award or any documents evidencing Awards granted pursuant to the Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all parties, including, without limitation, the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any shareholder.

(c) No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award hereunder.

5. Grant of Awards; Shares Subject to the Plan

The Committee may, from time to time, grant Awards of Options, Stock Appreciation Rights, Restricted Stock, Phantom Stock Units, Performance Share Units and/or Stock Bonuses to one or more Eligible Persons; provided, however, that:

(a) Subject to Section 13, the aggregate number of shares of Stock in respect of which Awards may be made under the Plan is 4,500,000 shares;

(b) Shares of Stock shall be deemed to have been used in settlement of Awards whether they are actually delivered or the Fair Market Value equivalent of such shares is paid in cash; provided, however, that shares of Stock or Company Class A common stock delivered (either directly or by means of attestation) in full or partial payment of the Option Price in accordance with the third sentence of Section 7(b) shall be deducted from the number of shares of Stock delivered to the Participant pursuant to such Option for purposes of determining the number of shares of Stock acquired pursuant to the Plan. In accordance with (and without limitation upon) the preceding sentence, if and to the extent an Award under the Plan expires, terminates or is canceled for any reason whatsoever without the Participant having received any benefit therefrom, the shares covered by such Award shall again become available for future Awards under the Plan. For purposes of the foregoing sentence, a Participant shall not be deemed to have received any "benefit" in the case of forfeited Restricted Stock Awards by reason of having enjoyed voting rights and dividend rights prior to the date of forfeiture;

(c) Stock delivered by the Company in settlement of Awards may be authorized and unissued Stock or Stock held in the treasury of the Company or purchased on the open market or by private purchase;

(d) Subject to Section 13, no person may be granted Options or SARs under the Plan during any calendar year with respect to more than 1,200,000 shares of Stock; provided that such number shall be adjusted pursuant to Section 13, and shares otherwise counted against such number, only in a manner which will not cause Options or SARs granted under the Plan to fail to qualify as "performance-based compensation" under Section 162(m) of the Code; and

(e) Subject to Section 13, with respect to awards of Performance Share Units, Restricted Stock or Phantom Stock Units intended to qualify as "performance-based compensation" under Section 162(m) of the Code, no person may be granted Performance Share Units, Restricted Stock or Phantom Stock Units under the Plan during any calendar year with respect to more than 1,200,000 shares of Stock; provided that such number shall be adjusted pursuant to Section 13, and shares otherwise counted against such number, only in a manner which will not cause such Performance Share Units, Restricted Stock or Phantom Stock Units granted under the Plan to fail to qualify as "performance-based compensation" under Section 162(m) of the Code.

6. ELIGIBILITY

Participation shall be limited to Eligible Persons who have received written notification from the Committee, or from a person designated by the Committee, that they have been selected to participate in the Plan.

7. OPTIONS

The Committee is authorized to grant one or more Incentive Stock Options or Nonqualified Stock Options to any Eligible Person; provided, however, that no Incentive Stock Options shall be granted to any Eligible Person who is not an employee of the Company or a Subsidiary. Each Option so granted shall be subject to the following conditions, or to such other conditions as may be reflected in the applicable Stock Option Agreement.

(a) **OPTION PRICE.** Subject to Section 7(e), the exercise price ("Option Price") per share of Stock for each Option shall be set by the Committee at the time of grant but shall not be less than the Fair Market Value of a share of Stock at the Date of Grant.

(b) **MANNER OF EXERCISE AND FORM OF PAYMENT.** No shares of Stock shall be delivered pursuant to any exercise of an Option until payment in full of the Option Price therefor is received by the Company. Options which have become exercisable may be exercised by delivery of written notice of exercise to the Committee accompanied by payment of the Option Price. The Option Price shall be payable (i) in cash and/or shares of Stock valued at the Fair Market Value at the time the Option is exercised (including by means of attestation of ownership of a sufficient number of shares of Stock in lieu of actual delivery of such shares to the Company); provided, that such shares of Stock are Mature Shares, (ii) in the discretion of the Committee, either (A) in other property having a fair market value on the date of exercise equal to the Option Price or (B) by delivering to the Committee a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company an amount of loan proceeds, or proceeds from the sale of the Stock subject to the Option, sufficient to pay the Option Price, (iii) to the extent provided in the Stock Option Agreement, by delivery of, or attestation as to ownership of, shares of the Company's Class A common stock convertible into an equivalent number of shares of Stock with a fair market value equal to the portion of the Option Price to be paid thereby; provided that such shares of Class A common stock are Mature Shares, or (iv) by such other method as the Committee may allow.

(c) VESTING, OPTION PERIOD AND EXPIRATION. Options shall vest and become exercisable in such manner and on such date or dates determined by the Committee and shall expire after such period, not to exceed ten years, as may be determined by the Committee (the "Option Period"); provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may, in its sole discretion, accelerate the exercisability of any Option, which acceleration shall not affect the terms and conditions of such Option other than with respect to exercisability. If an Option is exercisable in installments, such installments or portions thereof which become exercisable shall remain exercisable until the Option expires.

(d) STOCK OPTION AGREEMENT - OTHER TERMS AND CONDITIONS. Each Option granted under the Plan shall be evidenced by a Stock Option Agreement. Except as specifically provided otherwise in such Stock Option Agreement, each Option granted under the Plan shall be subject to the following terms and conditions:

(i) Each Option or portion thereof that is exercisable shall be exercisable for the full amount or for any part thereof.

(ii) Each share of Stock purchased through the exercise of an Option shall be paid for in full at the time of the exercise. Each Option shall cease to be exercisable, as to any share of Stock, when the Participant purchases the share or exercises a related SAR or when the Option expires.

(iii) Subject to Section 12(k), Options shall not be transferable by the Participant except by will or the laws of descent and distribution and shall be exercisable during the Participant's lifetime only by him.

(iv) Each Option shall vest and become exercisable by the Participant in accordance with the vesting schedule established by the Committee and set forth in the Stock Option Agreement.

(v) At the time of any exercise of an Option, the Committee may, in its sole discretion, require a Participant to deliver to the Committee a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof. Upon such a request by the Committee, delivery of such representation prior to the delivery of any shares issued upon exercise of an Option shall be a condition precedent to the right of the Participant or such other person to purchase any shares. In the event certificates for Stock are delivered under the Plan with respect to which such investment representation has been obtained, the Committee may cause a legend or legends to be placed on such certificates to make appropriate reference to such representation and to restrict transfer in the absence of compliance with applicable federal or state securities laws.

(vi) Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date he or she makes a disqualifying disposition of any Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including any sale) of such Stock before the later of (A) two years after the Date of Grant of the Incentive Stock Option or (B) one year after the date the Participant acquired the Stock by exercising the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by it, retain possession of any Stock acquired pursuant to the exercise of an Incentive Stock Option as agent for the applicable Participant until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Stock.

(e) INCENTIVE STOCK OPTION GRANTS TO 10% STOCKHOLDERS. Notwithstanding anything to the contrary in this Section 7, if an Incentive Stock Option is granted to a Participant who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or of a Subsidiary, the Option Period shall not exceed five years from the Date of Grant of

such Option and the Option Price shall be at least 110 percent of the Fair Market Value (on the Date of Grant) of the Stock subject to the Option.

(f) \$100,000 PER YEAR LIMITATION FOR INCENTIVE STOCK OPTIONS.

To the extent the aggregate Fair Market Value (determined as of the Date of Grant) of Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company) exceeds \$100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

(g) RELOAD OPTIONS. The Committee may provide for the grant to

any Participant of additional Options ("Reload Options") upon the exercise of Options, including Reload Options, through the delivery of shares of Stock or shares of Class A common stock of the Company; provided, however, that the Reload Options (i) may only be granted in connection with a grant of Nonqualified Stock Options; (ii) may only be granted with respect to the same number of shares of Stock or Class A common stock as were surrendered to exercise the Nonqualified Stock Options and the number of shares of Stock withheld for tax purposes pursuant to Section 12(d)(ii), (iii) shall have an exercise price per share not less than the greater of (A) five dollars more than the exercise price of the Nonqualified Stock Options, the exercise of which resulted in the grant of the Reload Options, or (B) 110% of the Fair Market Value of a share of Stock on the date of exercise of the Nonqualified Stock Options which resulted in the grant of the Reload Options, (iv) shall not be exercisable until six months after the exercise of the Nonqualified Stock Options which resulted in the grant of the Reload Options, (v) shall not be exercisable after the expiration of the term of the Nonqualified Stock Options, the exercise of which resulted in the grant of the Reload Options, and (vi) shall otherwise be subject to the same terms and conditions of the Nonqualified Stock Options, the exercise of which resulted in the grant of the Reload Options. Notwithstanding any provision of this Plan or a Stock Option Agreement to the contrary, unless the Stock Option Agreement specifically provides for the grant of Reload Options pursuant to Section 7(g) of the Plan, no grant of a Nonqualified Stock Option shall include a grant of Reload Options.

8. STOCK APPRECIATION RIGHTS

Any Option granted under the Plan may include SARs, either at the Date of Grant or, except in the case of an Incentive Stock Option, by subsequent amendment. The Committee also may award SARs to Eligible Persons independent of any Option. An SAR shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose, including, but not limited to, the following:

(a) VESTING, TRANSFERABILITY AND EXPIRATION. SARs granted in connection with an Option shall become exercisable, be transferable and shall expire according to the same vesting schedule, transferability rules and expiration provisions as the corresponding Option. An SAR granted independent of an Option shall become exercisable, be transferable and shall expire in accordance with a vesting schedule, transferability rules and expiration provisions as established by the Committee and reflected in an Award agreement.

(b) AUTOMATIC EXERCISE. If on the last day of the Option Period (or in the case of an SAR independent of an option, the period established by the Committee after which the SAR shall expire), the Fair Market Value exceeds the Strike Price, the Participant has not exercised the SAR or the corresponding Option, and neither the SAR nor the corresponding Option has expired, such SAR shall be deemed to have been exercised by the Participant on such last day and the Company shall make the appropriate payment therefor.

(c) PAYMENT. Upon the exercise of an SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR multiplied by the excess, if any, of the Fair Market Value of one share of Stock on the exercise date over the Strike Price. The Company shall

pay such excess in cash, in shares of Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee. Fractional shares shall be settled in cash.

(d) METHOD OF EXERCISE. A Participant may exercise an SAR at such time or times as may be determined by the Committee at the time of grant by filing an irrevocable written notice with the Committee or its designee, specifying the number of SARs to be exercised, and the date on which such SARs were awarded.

(e) EXPIRATION. Except as otherwise provided in the case of SARs granted in connection with Options, an SAR shall expire on a date designated by the Committee which is not later than ten years after the Date of Grant of the SAR.

9. PERFORMANCE SHARES

(a) AWARD GRANTS. The Committee is authorized to establish Performance Share programs to be effective over designated Award Periods determined by the Committee. At the beginning of each Award Period, the Committee will establish in writing Performance Goals based for such Award Period and a schedule relating the accomplishment of the Performance Goals to the Awards to be earned by Participants. The Committee shall determine the number of Performance Share Units to be awarded, if any, to each Participant who is selected to receive such an Award. The Committee may add new Participants to a Performance Share program after its commencement by making pro-rata grants.

(b) DETERMINATION OF AWARD. At the completion of a Performance Share Award Period, or at other times as specified by the Committee, the Committee shall calculate the number of shares of Stock earned with respect to each Participant's Performance Share Unit Award by multiplying the number of Performance Share Units granted to the Participant by a performance factor representing the degree of attainment of the Performance Goals.

(c) PARTIAL AWARDS. A Participant for less than a full Award Period, whether by reason of commencement or termination of employment or otherwise, shall receive such portion of an Award, if any, for that Award Period as the Committee shall determine.

(d) PAYMENT OF PERFORMANCE SHARE UNIT AWARDS. Performance Share Unit Awards shall be payable in that number of shares of Stock determined in accordance with Section 9(b); provided, however, that, at its discretion, the Committee may make payment to any Participant in the form of cash. The amount of any payment made in cash shall be based upon the Fair Market Value of the Stock on the day prior to payment. Payments of Performance Share Unit Awards shall be made as soon as practicable after the completion of an Award Period.

(e) ADJUSTMENT OF PERFORMANCE GOALS. The Committee may, during the Award Period, make such adjustments to Performance Goals as it may deem appropriate to compensate for, or reflect, (i) extraordinary or non-recurring events experienced during an Award Period by the Company or by any other corporation whose performance is relevant to the determination of whether Performance Goals have been attained; (ii) any significant changes that may have occurred during such Award Period in applicable accounting rules or principles or changes in the Company's method of accounting or in that of any other corporation whose performance is relevant to the determination of whether an Award has been earned or (iii) any significant changes that may have occurred during such Award Period in tax laws or other laws or regulations that alter or affect the computation of the measures of Performance Goals used for the calculation of Awards.

(f) APPLICABILITY OF SECTION 162(m). With respect to Awards of Performance Shares intended to qualify as "performance-based compensation" under Section 162(m) of the Code, this Section 9 (including the substance of the Performance Goals, the timing of establishment of the Performance Goals, the adjustment of the Performance Goals and determination of the Award) shall be

implemented by the Committee in a manner designed to preserve such Awards as such "performance-based compensation."

10. Restricted Stock Awards and Phantom Stock Units

(a) AWARD OF RESTRICTED STOCK AND PHANTOM STOCK UNITS.

(i) The Committee shall have the authority (1) to grant Restricted Stock and Phantom Stock Unit Awards to Eligible Persons, (2) to issue or transfer Restricted Stock to Participants, and (3) to establish terms, conditions and restrictions applicable to such Restricted Stock and Phantom Stock Units, including the Restricted Period, which may differ with respect to each grantee, the time or times at which Restricted Stock or Phantom Stock Units shall be granted or become vested and the number of shares or units to be covered by each grant.

(ii) Each Participant granted a Restricted Stock Award shall execute and deliver to the Company an Award agreement with respect to the Restricted Stock setting forth the restrictions and other terms and conditions applicable to such Restricted Stock. If the Committee determines that the Restricted Stock shall be held in escrow rather than delivered to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee and (ii) the appropriate blank stock powers with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute a Restricted Stock agreement and, if applicable, an escrow agreement and stock powers, the Award shall be null and void. Subject to the restrictions set forth in Section 10(b), the Participant generally shall have the rights and privileges of a stockholder as to such Restricted Stock, including the right to vote such Restricted Stock. At the discretion of the Committee, cash dividends and stock dividends with respect to the Restricted Stock may be either currently paid to the Participant or withheld by the Company for the Participant's account, and interest may be credited on the amount of cash dividends withheld at a rate and subject to such terms as determined by the Committee. The cash dividends or stock dividends so withheld by the Committee and attributable to any particular share of Restricted Stock (and earnings thereon, if applicable) shall be distributed to the Participant upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such cash dividends, stock dividends or earnings.

(iii) Upon the Award of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued and, if it so determines, deposited together with the stock powers with an escrow agent designated by the Committee. If an escrow arrangement is used, the Committee may cause the escrow agent to issue to the Participant a receipt evidencing any stock certificate held by it registered in the name of the Participant.

(iv) The terms and conditions of a grant of Phantom Stock Units shall be reflected in a written Award agreement. No shares of Stock shall be issued at the time a Phantom Stock Unit Award is made, and the Company will not be required to set aside a fund for the payment of any such Award. At the discretion of the Committee, each Phantom Stock Unit (representing one share of Stock) awarded to a Participant may be credited with cash and stock dividends paid by the Company in respect of one share of Stock ("Dividend Equivalents"). At the discretion of the Committee, Dividend Equivalents may be either currently paid to the Participant or withheld by the Company for the Participant's account, and interest may be credited on the amount of cash Dividend Equivalents withheld at a rate and subject to such terms as determined by the Committee. Dividend Equivalents credited to a Participant's account and attributable to any particular Phantom Stock Unit (and earnings thereon, if applicable) shall be distributed to the Participant upon settlement of such Phantom Stock Unit and, if such Phantom Stock Unit is forfeited, the Participant shall have no right to such Dividends Equivalents.

(b) RESTRICTIONS.

(i) Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award agreement: (1) if an escrow arrangement is used, the Participant shall not be entitled to delivery of the stock certificate; and (2) the shares shall be subject to forfeiture during the Restricted Period and restrictions on transferability, each as set forth in the Award agreement and, to the extent such shares are forfeited, the stock certificates shall be returned to the Company, and all rights of the Participant to such shares and as a shareholder shall terminate without further obligation on the part of the Company.

(ii) Phantom Stock Units awarded to any Participant shall be subject to (1) forfeiture until the expiration of the Restricted Period, to the extent provided in the applicable Award agreement, and to the extent such Phantom Stock Units are forfeited, all rights of the Participant to such Phantom Stock Units shall terminate without further obligation on the part of the Company and (2) such other terms and conditions as may be set forth in the applicable Award agreement.

(iii) The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock and Phantom Stock Units whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the date of the Restricted Stock Award or Phantom Stock Award, such action is appropriate.

(c) RESTRICTED PERIOD. The Restricted Period of Restricted Stock and Phantom Stock Units shall commence on the Date of Grant and shall expire from time to time as to that part of the Restricted Stock and Phantom Stock Units indicated in a schedule established by the Committee in the applicable Award agreement.

(d) DELIVERY OF RESTRICTED STOCK AND SETTLEMENT OF PHANTOM STOCK UNITS. Upon the expiration of the Restricted Period with respect to any shares of Stock covered by a Restricted Stock Award, the restrictions set forth in Section 10(b) and the applicable Award agreement shall be of no further force or effect with respect to shares of Restricted Stock which have not then been forfeited, except as otherwise set forth in the applicable Award agreement. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Participant, or his beneficiary, without charge, the stock certificate evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (to the nearest full share) and any cash dividends or stock dividends credited to the Participant's account with respect to such Restricted Stock and the interest thereon, if any.

Upon the expiration of the Restricted Period with respect to any Phantom Stock Units covered by a Phantom Stock Unit Award, the Company shall deliver to the Participant, or his beneficiary, without charge, one share of Stock for each Phantom Stock Unit which has not then been forfeited and with respect to which the Restricted Period has expired ("Vested Unit"); provided, however, that, if so noted in the applicable Award agreement, the Committee may, in its sole discretion, elect to pay cash or part cash and part Stock in lieu of delivering only Stock for Vested Units. If cash payment is made in lieu of delivering Stock, the amount of such payment shall be equal to the Fair Market Value of the Stock as of the date on which the Restricted Period lapsed with respect to such Vested Unit.

(e) STOCK RESTRICTIONS. Each certificate representing Restricted Stock awarded under the Plan shall bear a legend substantially in the form of the following until the lapse of all restrictions with respect to such Stock:

Transfer of this certificate and the shares represented hereby is restricted pursuant to the terms of the Movado Group, Inc. 1996 Stock Incentive Plan and a Restricted Stock Purchase and Award Agreement, dated as of _____, between

Movado Group, Inc. and _____. A copy of such Agreement is on file at the offices of Movado Group, Inc.

Stop transfer orders shall be entered with the Company's transfer agent and registrar against the transfer of legended securities.

(f) APPLICABILITY OF SECTION 162(m). With respect to Awards of Restricted Stock or Phantom Stock Units intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall establish and administer Performance Goals in the manner described in Section 9 as an additional condition to the vesting and payment of such Awards.

11. STOCK BONUS AWARDS

The Committee may issue unrestricted Stock, or other awards denominated in Stock, under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine. Stock Bonus Awards under the Plan shall be granted as, or in payment of, a bonus, or to provide incentives or recognize special achievements or contributions. With respect to Stock Bonus Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall establish and administer Performance Goals in the manner described in Section 9 as an additional condition to the vesting and payment of such Stock Bonus Awards.

12. GENERAL

(a) ADDITIONAL PROVISIONS OF AN AWARD. Awards to a Participant under the Plan also may be subject to such other provisions (whether or not applicable to the benefit awarded to any other Participant) as the Committee determines appropriate including, without limitation, provisions to assist the Participant in financing the purchase of Stock upon the exercise of Options (provided, that the Committee determines that providing such financing does not violate the Sarbanes-Oxley Act of 2002), provisions for the forfeiture of or restrictions on resale or other disposition of shares of Stock acquired under any Award, provisions giving the Company the right to repurchase shares of Stock acquired under any Award in the event the Participant elects to dispose of such shares, provisions allowing the Participant to elect to defer the receipt of payment in respect of Awards for a specified period or until a specified event, and provisions to comply with Federal and state securities laws and Federal and state tax withholding requirements. Any such provisions shall be reflected in the applicable Award agreement.

(b) PRIVILEGES OF STOCK OWNERSHIP. Except as otherwise specifically provided in the Plan, no person shall be entitled to the privileges of ownership in respect of shares of Stock which are subject to Awards hereunder until such shares have been issued to that person.

(c) GOVERNMENT AND OTHER REGULATIONS. The obligation of the Company to settle Awards in Stock shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell and shall be prohibited from offering to sell or selling any shares of Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Stock to be offered or sold under the Plan. If the shares of Stock offered for sale or sold under the Plan are offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such shares and may legend the Stock certificates representing such shares in such manner as it deems advisable to ensure the availability of any such exemption.

(d) TAX WITHHOLDING.

(i) A Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any shares of Stock or other property deliverable under any Award or from any compensation or other amounts owing to a Participant the amount (in cash, Stock or other property) of any required tax withholding and payroll taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

(ii) Without limiting the generality of clause (i) above, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required withholding liability) by (A) delivery of Mature Shares of Stock or Class A common stock owned by the Participant with a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of shares of Stock otherwise issuable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability.

(e) CLAIM TO AWARDS AND EMPLOYMENT RIGHTS. No employee of the Company, a Subsidiary or Affiliate, or other person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company, a Subsidiary or an Affiliate.

(f) DESIGNATION AND CHANGE OF BENEFICIARY. Each Participant shall file with the Committee a written designation of one or more persons as the beneficiary who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the Beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

(g) PAYMENTS TO PERSONS OTHER THAN PARTICIPANTS. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(h) NO LIABILITY OF COMMITTEE MEMBERS. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of

Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

(i) GOVERNING LAW. The Plan shall be governed by and construed in accordance with the internal laws of the State of New York applicable to contracts made and performed wholly within the State of New York.

(j) FUNDING. No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Holders shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

(k) NONTRANSFERABILITY.

(i) Each Award shall be exercisable only by a Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company, a Subsidiary or an Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards other than Incentive Stock Options to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award agreement to preserve the purposes of the Plan, to:

- (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 (collectively, the "Immediate Family Members");
- (B) a trust solely for the benefit of the Participant and his or her Immediate Family Members;
- (C) a partnership or limited liability company whose only partners or shareholders are the Participant and his or her Immediate Family Members; or
- (D) any other transferee as may be approved either (a) by the Board or the Committee in its sole discretion, or (b) as provided in the applicable Award agreement;

(each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); provided that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee,

except that (A) Permitted Transferees shall not be entitled to transfer any Awards, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award agreement, that such a registration statement is necessary or appropriate, (C) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise, and (D) the consequences of the termination of the Participant's employment by, or services to, the Company, a Subsidiary or an Affiliate under the terms of the Plan and the applicable Award agreement shall continue to be applied with respect to the Participant, following which any transferred Options shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award agreement.

(l) RELIANCE ON REPORTS. Each member of the Committee and each member of the Board shall be fully justified in relying, acting or failing to act, and shall not be liable for having so relied, acted or failed to act in good faith, upon any report made by the independent public accountant of the Company and its Affiliates and upon any other information furnished in connection with the Plan by any person or persons other than himself.

(m) RELATIONSHIP TO OTHER BENEFITS. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company or any Subsidiary except as otherwise specifically provided in such other plan.

(n) EXPENSES. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

(o) PRONOUNNS. Masculine pronouns and other words of masculine gender shall refer to both men and women.

(p) TITLES AND HEADINGS. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

(q) TERMINATION OF EMPLOYMENT. Unless an applicable Award agreement provides otherwise, for purposes of the Plan a person who transfers from employment or service with the Company to employment or service with a Subsidiary or an Affiliate or vice versa shall not be deemed to have terminated employment or service with the Company, a Subsidiary or an Affiliate.

(r) SEVERABILITY. If any provision of the Plan or any Award agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

13. Changes in Capital Structure

Awards granted under the Plan and any agreements evidencing such Awards, the maximum number of shares of Stock subject to all Awards stated in Section 5(a) and the maximum number of shares of Stock with respect to which any one person may be granted Awards during any period stated in Sections 5(d) or 5(e) shall be subject to adjustment or substitution, as determined by the Committee in its sole discretion, as to the number, price or kind of a share of Stock or other consideration subject to such

Awards or as otherwise determined by the Committee to be equitable (i) in the event of changes in the outstanding Stock or in the capital structure of the Company by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalization, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Date of Grant of any such Award or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, Participants, or which otherwise warrants equitable adjustment because it interferes with the intended operation of the Plan. Any adjustment in Incentive Stock Options under this Section 13 shall be made only to the extent not constituting a "modification" within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 13 shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. Further, with respect to Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, such adjustments or substitutions shall be made only to the extent that the Committee determines that such adjustments or substitutions may be made without causing the Company to be denied a tax deduction on account of Section 162(m) of the Code. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Notwithstanding the above, in the event of any of the following:

A. The Company is merged or consolidated with another corporation or entity and, in connection therewith, consideration is received by shareholders of the Company in a form other than stock or other equity interests of the surviving entity;

B. All or substantially all of the assets of the Company are acquired by another person;

C. The reorganization or liquidation of the Company; or

D. The Company shall enter into a written agreement to undergo an event described in clauses A, B or C above,

then the Committee may, in its discretion and upon at least 10 days advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Awards based upon the price per share of Stock received or to be received by other shareholders of the Company in the event. The terms of this Section 13 may be varied by the Committee in any particular Award agreement.

14. Effect of Change in Control

Except to the extent reflected in a particular Award agreement:

(a) In the event of a Change in Control, notwithstanding any provision of the Plan to the contrary, all Options and SARs shall become immediately exercisable with respect to 100 percent of the shares subject to such Option or SAR, and the Restricted Period shall expire immediately with respect to 100 percent of such Phantom Stock Units or shares of Restricted Stock (including a waiver of any applicable Performance Goals) and, to the extent practicable, such acceleration of exercisability and expiration of the Restricted Period (as applicable) shall occur in a manner and at a time which allows affected Participants the ability to participate in the Change in Control transaction with respect to the Stock subject to their Awards.

(b) In the event of a Change in Control, all incomplete Award Periods in effect on the date the Change in Control occurs shall end on the date of such change, and the Committee shall (i) determine the extent to which Performance Goals with respect to each such Award Period have been met based upon such audited or unaudited financial information then available as it deems relevant, (ii) cause to be paid to each Participant partial or full Awards with respect to Performance Goals for each such Award Period based upon the Committee's determination of the degree of attainment of Performance Goals, and (iii) cause all previously deferred Awards to be settled in full as soon as possible.

(c) In addition, in the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Awards based upon the price per share of Stock received or to be received by other shareholders of the Company in the event.

(d) The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of Participants' rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

15. Nonexclusivity of the Plan

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

16. Amendments and Termination

(a) AMENDMENT AND TERMINATION OF THE PLAN. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including as necessary to comply with any applicable stock exchange listing requirement or to prevent the Company from being denied a tax deduction on account of Section 162(m) of the Code); and provided further that any such amendment, alteration, suspension, discontinuance or termination that would impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.

(b) AMENDMENT OF AWARD AGREEMENTS. The Committee may, to the extent consistent with the terms of any applicable Award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award agreement, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of any Participant or any holder or beneficiary of any Option theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary; and provided further that, without stockholder approval, (i) no amendment or modification may reduce the exercise price of any Option, (ii) the Committee may not cancel any outstanding Option and replace it with a new Option (with a

lower exercise price) in a manner which would either (A) be reportable on the Company's proxy statement as Options which have been "repriced" (as such term is used in Item 402 of Regulation S-K promulgated under the Exchange Act), or (B) result in any Option being accounted for under the "variable" method for financial statement reporting purposes and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the shareholder approval rules of any applicable stock exchange.

* * *

As amended and restated by the Board of
Directors of Movado Group, Inc. at a meeting
held on April 8, 2004

License Agreement

between

HUGO BOSS Trade Mark Management GmbH & Co. KG
Dieselstrasse 12
D-72555 Metzingen
Germany

- hereinafter referred to as "HUGO BOSS" -

and

MGI Luxury Group S.A.
35 Rue de Nideau
CH-2501 Bienne
Switzerland

- hereinafter referred to as "Licensee" -

**CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED FROM PAGES 3, 5, 6, 10, 11-13, 20, 22-24; APPENDIX 3 (PAGES 7-54 AND PAGE 58); APPENDIX 4 (PAGES 1-14) AND APPENDIX 6 AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED ("1934 ACT").

Preface

- a) HUGO BOSS is entitled to grant licences for the trademarks "BOSS", "HUGO BOSS", "BOSS HUGO BOSS", "HUGO", and "HUGO HUGO BOSS" which are registered or under application for registration for various products in numerous countries around the world.

The HUGO BOSS group enjoys an excellent reputation world-wide as an established fashion house, which is based upon the high quality of HUGO BOSS products and the special HUGO BOSS image.

- b) Licensee is aware that HUGO BOSS grants production and distribution licenses to third parties for the above trademarks.
- c) Proceeding from the foregoing, the parties wish to enter into a licence agreement on certain watch products and agree as follows:

1. Grant of License

- 1.1 Subject to the terms of this Agreement, HUGO BOSS hereby grants to the Licensee the exclusive non-transferable license to use the trademarks "HUGO BOSS", "BOSS HUGO BOSS", "HUGO HUGO BOSS", "BOSS", and "HUGO" as set forth in Appendices 1 and 2 to this Agreement, and any other trademarks which at any time during the term of this Agreement are owned by HUGO BOSS for Licensed Products (as hereinafter defined) and contain either or both the words "HUGO" and/or "BOSS" (hereinafter referred to as the "Trademarks"), for the production, marketing, advertising, promotion, sale and distribution of the Licensed Products (as hereinafter defined) in the License Territory (as hereinafter defined) and in connection therewith, and subject to the terms hereof, to use the reputation and the image of HUGO BOSS and the products of HUGO BOSS. Notwithstanding the foregoing, Licensee shall not have any right to use any trademark containing the word BALDESSARINI. In addition, Hugo Boss hereby grants Licensee the non-exclusive right and license to use the tradename HUGO BOSS as a tradename solely in connection with Licensee performing its obligations and exercising its rights under this Agreement.

The License includes, besides the exclusive right to use the Trademarks as set forth above, the exclusive right to use the Trademarks in advertising and PR materials, in promotional materials and on the packaging of the Licensed Products, subject to and within the limitations of the other provisions of this Agreement, in particular Art. 10. Trademark use on promotional gifts is only permitted upon obtaining the prior written approval of HUGO BOSS. The

License further includes the exclusive right to use the Licensor Designs (as defined in section 6.5 hereof) and the right to use designs of the promotional material, and all associated copyrights, trade dress rights, and other design rights.

"HUGO BOSS group" means all subsidiaries linked to HUGO BOSS AG, Dieselstrasse 12, D-72555 Metzingen, in accordance with ss. 18 of the German Stock Corporation Act ("Aktiengesetz").

"Licensed Products" means watches, e.g. wristwatches, pocket watches, alarm watches, in each case bearing the Trademarks on labelling, tags and/or on the products themselves.

"License Territory" means all countries of the world

"Exclusive" means in this context that during the term of this Agreement, HUGO BOSS will not grant any further licenses for the production, marketing, advertising, promotion, sale and/or distribution in the License Territory of the Licensed Products and moreover will not itself produce and/or distribute any Licensed Products in the License Territory. Notwithstanding the foregoing, HUGO BOSS retains the right to produce and/or distribute Licensed Products bearing the Trademarks to the extent it in good faith deems such use necessary or useful in order to perfect or preserve its rights in the Trademarks and only to the extent that Licensee has refused or failed to provide Hugo Boss with the necessary Licensed Products within a reasonable time after written request made to Licensee by Hugo Boss. All such Licensed Products provided by Licensee to HUGO BOSS shall be under terms of sale that are * consistent with Sec. 8.3 hereof. Moreover, nothing set forth herein shall limit in any way HUGO BOSS' right to manufacture and/or distribute and/or grant licenses for manufacture and/or distribution of products other than Licensed Products, in particular, men's and women's jewellery of precious metals and alternative materials, e.g. rings, bracelets, chains, cufflinks, earrings, key rings.

- 1.2 It is the intention of the parties that the Licensee exploits the rights granted hereunder throughout the whole of the License Territory to the extent commercially reasonable. Subject to the terms of this Agreement, it shall be considered commercially reasonable for the Licensee to make use of the license and engage in an active course of distribution and marketing activities in those countries within the License Territory where the HUGO BOSS group has an existing marketing and distribution structure for its core products. However, the parties agree that Licensed Products shall be distributed, marketed and sold - at a minimum - in the following countries: (Europe:) United Kingdom, Germany, France, Spain, Italy, Benelux, Switzerland, Austria,

* CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC PURSUANT TO RULE 24b-2 OF THE 1934 ACT

(Asia:) Japan, Hong Kong, South Korea, Taiwan, PR China, Singapore,
(Americas:) U.S.A., Canada, Mexico.

Licensee shall refrain from any activity which could adversely affect in any way the cooperation of the parties under this Agreement and any third party licensee of HUGO BOSS with respect to production, distribution, sales and promotion campaigns or any other activity using or in connection with the Trademarks.

2. Subcontractors

- 2.1 The Licensee is entitled to have the Licensed Products manufactured by third parties acting as subcontractors. In any case, manufacturers of the Licensed Product are to be considered as subcontractors according to this regulation. Licensee shall inform HUGO BOSS in a timely manner of new subcontractors at the latest 6 (six month) after production start.
- 2.2 Licensee warrants to HUGO BOSS that each subcontractor will perform all relevant obligations under this Agreement.
- 2.3 HUGO BOSS may request for cause, upon written notice to Licensee, at any time that a subcontractor shall discontinue the manufacturing of the License Products. It shall be considered as cause if, based on reasonable grounds which shall be set forth in the written notice delivered to Licensee as provided above, it appears likely that the subcontractor will materially and enduringly imperil the marketing concept of HUGO BOSS e.g. through the production of Licensed Products of inferior quality. The Licensee warrants that its agreements with subcontractors shall provide for immediate termination on the aforementioned grounds.

3. HUGO BOSS Team

LICENSEE shall at all times maintain a separate team of highly experienced and qualified people solely in charge of the development, the marketing and the overall distribution and sale strategy of the Licensed Products.

4. Payments / Taxes

4.1 The license and marketing fees payable by Licensee to HUGO BOSS are stated in CHF. The payment shall be made to account : *

or such other account as HUGO BOSS may from time to time designate to Licensee in writing. Any amounts owing to HUGO BOSS which are past due shall bear interest of the applicable Base Rate of the Deutsche Bundesbank plus eight (8) per cent.

4.2 Direct taxes on the license fees and/or advertising contributions in the Federal Republic of Germany will be assumed by HUGO BOSS; Licensee agrees to pay any turnover tax (VAT) and/or withholding tax on the license fees, Marketing Contribution (as defined in Sec. 10.8) and/or Advertising Fees (as defined in Sec. 10.4) imposed on Licensee under the law of Switzerland, any Swiss Canton or any other taxing authority within Switzerland. An amount equal to the withholding taxes paid by Licensee shall be deducted by Licensee from the License Fees payable under Article 5 and/or from the Marketing Contribution or Advertising Fees payable under Article 10. Licensee shall, in due time, furnish HUGO BOSS with all certificates or other administrative documents issued by the Swiss taxing authority on the withholding taxes paid.

5. License Fees

5.1 As compensation for the rights and opportunities for use provided in this Agreement, Licensee shall pay to HUGO BOSS a license fee in the amount of * of the sum of the Net Sales. Net Sales shall designate the sales of Licensed Products made and invoiced by Licensee or by any entity controlled by, under common control with, or controlling Licensee ("Licensee Affiliate") to an unrelated third party (e.g. customer or distributor) after the deduction of:

- Sales or value added taxes;
- Customs duties and insurance costs;
- Packing and freight charges;

* CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC PURSUANT TO RULE 24-b2 OF THE 1934 ACT.

- Returns that Licensee actually authorizes and receives, not exceeding * total sales of Licensed Products in such year; and
- Rebates and other allowances, defined as credits to a customer after delivery that Licensee actually grants in writing to the extent auditable, expressly excluding credits for warranty related or delivery or quality issues, and further excluding any credits included within the Marketing Contribution (as defined in Sec. 10.8) and not exceeding in any year * total sales of Licensed Products in such year,

provided that each such item is indicated separately and appears clearly separate from the product price, or, in the case of returns and allowances, is appropriately documented. Subject to Sec. 5.3 and subsequent adjustment for returns and allowances, the due date of the license fees is Licensee's invoicing date to third parties.

Notwithstanding anything contained herein to the contrary, Licensee shall not be obliged to pay any License Fees for Net Sales made and invoiced during the calendar year 2005 in connection with Prior Products (as defined in section 17.1).

5.2 Licensee shall have no obligation to pay any minimum license fee for the year 2005. Beginning in calendar year 2006 and through the calendar year 2010, Licensee shall pay to HUGO BOSS a minimum annual license fee each year equal to * Net Sales for such year under the Business Plan (as defined in Sec. 11).

(a) Beginning in calendar year 2011, Licensee shall pay HUGO BOSS an annual minimum license fee equal to *

Notwithstanding the foregoing, in the event that the entity owning either the * brand acquires fifty percent (50%) or more of the voting rights of Licensee or of any entity controlling Licensee, then the minimum annual license fee each year shall be * Net Sales for such year as set forth in the Business Plan, beginning with the calendar year in which such change of ownership has taken place.

5.3 No later than 30 days after the last day of each calendar quarter (April 30, July 30, October 30 and January 30, respectively, or if such date shall fall on a

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weekend or holiday, the following business day), Licensee shall submit to Hugo Boss a written statement setting forth the license fee and Advertising Fee (as defined in section 10.4) due for the immediately preceding calendar quarter, giving a count by country of total Licensed Products sold per stock keeping unit ("SKU") and the applicable Net Sales. Licensee shall remit to HUGO BOSS with each such statement the aggregate license fee and Advertising Fee due for the calendar quarter then ended.

After the fourth quarter each year, Licensee shall determine the minimum license fee and the minimum Advertising Fee due for such year and, where necessary, the difference between such minimum fees and the license fees and Advertising Fees paid for such year.

In the event the payments made were less than the minimums due for any such year, Licensee shall transmit the difference at the latest with the payment of the License fee due for the fourth quarter. In the event the payments made were more than minimums due for any such year, Licensee can deduct the overpaid differences from the license fee and Advertising Fee due in the following quarter.

- 5.4 The Licensee shall keep complete and accurate records of sales subject to license fees, maintain and preserve the underlying documents for at least five years following the termination of this Agreement and permit a representative or authorized agent of Hugo Boss to examine such records, copy them, and audit the corresponding accounting entries in Licensee's books during the latter's business hours on at least three business days' notice. Notwithstanding the immediate due date and accrual of interest on overdue license fees, Licensee shall bear the costs of the audit, but only if the license fees paid by the Licensee with respect to any audited time period are three or more percent lower than those determined by the audit. Hugo Boss shall ensure that all its representatives examining Licensee's records are aware of and abide by the confidentiality obligations as set forth in Article 14 hereof.

6. Product Development, Product Design

- 6.1 To ensure the uniformity of quality and image in all products sold by HUGO BOSS and its licensees and bearing HUGO BOSS trademarks, the principal design guidelines and general structure of the collection shall be provided by HUGO BOSS to Licensee for development of the Licensed Products. Licensee agrees to observe and comply with all such guidelines and briefings and acknowledges HUGO BOSS' high quality standards and reputation in high end fashion products. Hugo Boss will notify Licensee in due time when such guidelines will be materially modified.
- 6.2 Licensee shall provide all its design proposals in the following process:

- (i) Licensee shall present to HUGO BOSS design drawings. After approval according to this subsection 6.2,
- (ii) Licensee shall present to HUGO BOSS prototypes. After approval according this subsection 6.2,
- (iii) Licensee shall present to HUGO BOSS pre-production samples for approval. Licensee warrants that production conforms to the approved pre-production samples.

HUGO BOSS shall, with respect to each submission made by Licensee for approval, notify Licensee in writing without undue delay, and in any event within ten (10) business days, as to whether it approves the submission. Unless Hugo Boss disapproves any submission with the specified time period, it will be deemed approved. In the event Hugo Boss disapproves any submission, it will furnish Licensee with the reasons for such disapproval together with notice thereof.

- 6.3 Following Licensee's receipt of HUGO BOSS' written approval of any prototype, Licensee shall provide HUGO BOSS with samples of the Licensed Products from the first production run using the approved designs for the purpose of obtaining HUGO BOSS' written approval of said samples. Each party shall receive and maintain an approved production run sample of every approved model for purposes of documentation of said approval and quality control of the Licensed Products pursuant to Sec. 7. The costs of creation and supply of the samples shall be borne by Licensee.
- 6.4 The parties acknowledge and agree that it is essential to the image and reputation of HUGO BOSS to regularly adjust the range of designs of the Licensed Products (like those of HUGO BOSS and its other licensees) to meet new demands and fashion trends. The intervals of the renewal and expansion of product designs will be mutually determined by the parties acting in good faith.
- 6.5 Licensee agrees that HUGO BOSS shall become and remain the sole owner of any design that it approves hereunder which is not in the public domain and which previously was not used by Licensee on products other than the Licensed Products, including usage of special materials, creation of special colour effects and shapes, to the extent the respective Licensed Products are actually offered for sale in any jurisdiction ("Licensor Designs"). Hugo Boss shall protect all Licensor Designs, where appropriate, in accordance with Sec. 13. of this Agreement. In addition, HUGO BOSS remains the sole owner of any design for the Licensed Products which was developed by HUGO BOSS. Licensee shall remain the owner of designs proposed to HUGO BOSS but not used on any Licensed Products sold to third parties.
- 6.6 Licensee shall provide HUGO BOSS, on its own costs, with one sample of each launched Licensed Product.

7. Quality

- 7.1 Licensed Products produced by Licensee for sale shall conform to the samples from the first production of such Licensed Products approved by HUGO BOSS pursuant to Section 6.3. Licensee shall adhere to the standards of quality (including, without limitation, materials, design and workmanship) set forth in Appendix 3 (as such standards may be updated and expanded by mutual agreement between the Parties from time to time) and safeguard the quality of Licensed Products by means of quality-control measures approved by HUGO BOSS. In doing so, Licensee acknowledges HUGO BOSS' high quality standards and reputation in high end fashion products.
- 7.2 All modifications with respect to materials, design and workmanship in a series under production require the prior written approval of HUGO BOSS.
- 7.3 HUGO BOSS may at any time, upon giving reasonable prior notice, carry out quality and manufacturing control inspections at the premises of Licensee, or wherever the Licensed Products are being manufactured, or it may have such inspections performed by third persons. Licensee agrees to permit such examinations, also with respect to subcontractors, during normal business hours and facilitate said inspections.
- 7.4 In the event that any Licensed Products produced or in production do not conform to the required specifications, HUGO BOSS shall give notice of such nonconformity to Licensee and, in HUGO BOSS' sole discretion, determine whether the affected Licensed Products may be sold. In the event Licensee shall become aware of any such nonconformity, it shall immediately notify HUGO BOSS thereof prior to the distribution of the affected Licensed Products, so that HUGO BOSS can make appropriate decisions as to conforming such products to the applicable quality standards that shall be binding upon the Licensee. In any case in which either party has notified the other of any such quality problem, no affected Licensed Products shall be distributed until HUGO BOSS has approved and monitored the necessary modifications to said products or otherwise indicated in writing that the products are acceptable. If it is not reasonably practicable to conform the affected Licensed Products to the applicable quality standards, Licensee shall have the right to sell such Licensed Products but only after removing any identifying brand names and only through its outlet stores or through approved clearance channels; alternatively the affected Licensed Products will be destroyed under the supervision of HUGO BOSS and the costs thereof borne by Licensee.

8. Distribution

8.1 Licensee shall be responsible for the distribution of the Licensed Products throughout the License Territory. The parties agree that the Licensed Products will be offered, sold and distributed by Licensee directly and/or through Licensee's distributors exclusively through distribution channels: which suit the image of the Trademarks and the marketing policies of HUGO BOSS including the following:

- specialised retail dealers;
- high-end department stores, provided they are HUGO BOSS clients;
- BOSS HUGO BOSS Shops, HUGO HUGO BOSS Shops, and HUGO BOSS stores;
- Duty-Free stores;
- Licensee's own outlet stores;
- After prior written approval by HUGO BOSS, which shall not be unreasonably withheld: Other clearance channels up to * annual Net Sales. In case where said percentage of Net Sales exceeds * , Licensee needs the express and written approval by HUGO BOSS for such distribution on a case-by-case basis, such approval not to be unreasonably withheld.
- After prior written approval by HUGO BOSS: catalogues, premium, incentive, and military accounts.

Within the framework of the Business Plan and subject to this section 8.1, Licensee shall suggest, and the Parties shall agree on individual distribution channels (importers, retail dealers, "points of sale") for the Licensed Products.

8.2 Licensee shall enter into separate distribution agreements with its distributors. No rights or duties shall be derived for HUGO BOSS from the resulting direct contract relationship between Licensee and its distributors. However, Licensee guarantees that the agreements between Licensee and its distributors will terminate if the agreement between HUGO BOSS and Licensee terminates for any reason whatsoever.

Licensee will terminate its contract with any distributor in the event that any such distributor violates a material term of such contract which reasonably is expected to adversely affect the reputation, image, style and marketing strategy of HUGO BOSS (e.g., no diversion of Licensed Products, adherence to advertising protocol, selling only to approved accounts), and such violation has not been remedied within fifteen (15) calendar days. Licensee warrants that such a remedy and termination clause will be provided for in the respective agreements.

8.3 At the request of HUGO BOSS, Licensee will sell the Licensed Products to HUGO BOSS itself, to organisations within HUGO BOSS' distribution network for further distribution to its local customers (e.g. franchising stores, BOSS HUGO

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BOSS Shops in Shops, etc.) or directly to said local customers. Such sales shall be under terms of sale that are * .

- 8.4 Licensee shall entrust the distribution of the Licensed Products as follows:

Nominated sales personnel shall attend mainly to the distribution of the Licensed Products. This personnel will not distribute or be otherwise involved in handling any products competing with the Licensed Products, i.e. with high-end designer brands, without the prior written approval of HUGO BOSS. The distribution system, as well as the countries included within Licensee's key market plan and Licensee's organizational structure with respect to the License Products, are set forth in the Business Plan.

Licensee will select its sales personnel in accordance with and inform its sales personnel of the product philosophy of the Licensed Products as communicated by HUGO BOSS. Upon request by HUGO BOSS, Licensee shall cause its employees who are entrusted with the distribution of the Licensed Products to be trained regularly by HUGO BOSS or by persons or companies instructed by HUGO BOSS. Licensee will require each such employee to abide by such product philosophy.

- 8.5 Licensee acknowledges that to preserve the goodwill associated with the Trademarks, License Products should be sold at prices and terms reflecting the prestigious nature of the Trademarks, and the reputation of the Trademarks as appearing on goods of high quality and reasonable price, it being understood, however, that Hugo Boss is not empowered and may not fix or regulate the prices for which the Licensed Products are to be sold, either at the wholesale or the retail level.
- 8.6 Licensee shall not materially breach the applicable terms and dates of delivery and shall in a timely and complete manner inform HUGO BOSS of any material problems which arise in connection therewith, particularly delivery delays.
- 8.7 Licensee shall handle all customer inquiries and complaints relating to the Licensed Products in a manner consistent with the manner in which it handles customer inquiries and complaints relating to watches it sells at comparable prices under other brand names. Licensee shall provide substantially the same service, warranties, repair and replacement rights to wholesale purchasers and consumers of the Licensed Products as it provides to purchasers of such other watches. Licensee shall be solely responsible for all costs associated with the handling of such inquiries and complaints and the provision of such service.

The After Sales Service is subject to the quality requirements as stated in Section 7 of this Agreement and may be controlled by HUGO BOSS in accordance with the same conditions.

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9. Launch Dates

The parties shall agree on an annual general launch schedule, and on further seasonal launch schedules based on said annual launch schedule.

10. Marketing, Advertising and Promotional Measures

10.1 With regard to the general HUGO BOSS marketing activities, HUGO BOSS alone is in charge of all activities including all marketing, advertising (e.g. newspapers, magazines, billboards, TV, radio, internet sites) and promotional as well as sport and art sponsoring activities.

10.2 Within the framework of the Business Plan (Sec. 11), marketing, advertising and promotional activities in connection with the Licensed Products shall be agreed upon with the Licensee. The parties shall inform each other regularly about the implementation of this Business Plan.

10.3 With respect to the Licensed Products, subject to section 10.4, HUGO BOSS is in charge of conception and design of all advertising activities (e.g. concepts, layouts and shootings for print and billboard campaigns; concepts, layouts and production for TV or radio spots; concepts, layouts and set ups of internet sites; all media bookings and spending).

10.4 To contribute to the costs for the above-mentioned activities of HUGO BOSS, Licensee shall pay to HUGO BOSS an amount each year equal to the greater of * target Net Sales for such year set forth in the Business Plan ("Advertising Fee"). Notwithstanding the foregoing, in the event that the entity owning either the * brand acquires fifty percent (50%) or more of the voting rights of Licensee or of any entity controlling Licensee, then the Advertising fee each year shall be * target Net Sales for such year as set forth in the Business Plan.

The Advertising Fee shall be paid in accordance with the provisions in Sec. 4 and 5. HUGO BOSS shall use this fee for the costs of production and placement in print and electronic media of advertising for Licensed Products only. HUGO BOSS and Licensee shall, every six (6) months, agree in which countries such media budget shall be spent; provided, however, that for the U.S.A. only, such media budget shall be withheld and spent by Licensee as it shall reasonably determine after approval of HUGO BOSS. While in principle, HUGO BOSS shall endeavour to spend the entire Advertising Fee paid by Licensee in respect of each year, and Licensee shall endeavour to spend the portion thereof withheld for the U.S.A., prior to the end of such year, the parties recognize that this

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will not always be practical or possible and therefore they agree that any deficiency will be spent in the immediately following year.

- 10.5 Licensee shall be responsible for conception and design of point-of-sale activities with regard to the Licensed Products, i.e. catalogues for retailers and/or sales representatives, special events, co-operative advertising with the retailer and product displays. However, all advertising materials and promotional activities require the prior written approval of HUGO BOSS.
- 10.6 Moreover, Licensee shall carry out all point-of-sale activities such as production and distribution of stand-ups, window cards, catalogues and other promotional material, production and distribution of product displays, special events, co-operative advertising with retailers. Licensee shall also be responsible for trade fairs, product placements, media bookings and spending of advertising targeted to retailers.
- 10.7 Licensee shall be responsible for public relations activities with regard to the Licensed Products, i.e. texts, shootings, placement in end-consumer press and trade press throughout the License Territory. However, all public relations activities require the prior written approval of HUGO BOSS.
- 10.8 All those activities mentioned in Sec. 10.5, Sec. 10.6 and Sec. 10.7 shall be elaborated in close co-operation with HUGO BOSS or persons/companies appointed by HUGO BOSS (for example PR Agencies in charge for HUGO BOSS) and are subject to the prior approval of HUGO BOSS. Licensee shall bear responsibility for all costs for the activities referred to in Sec. 10.5, Sec. 10.6 and Sec. 10.7. For those activities Licensee shall spend or cause its distributors to spend at least * of the "Net Sales" throughout the term of this agreement ("Marketing Contribution"). The Marketing Contribution may be revised from time to time by mutual consent.
- Notwithstanding the foregoing, in the event that the entity owning either the * brand acquires fifty percent (50%) or more of the voting rights of Licensee or of any entity controlling Licensee, then the Marketing contribution each year shall be * of target Net Sales for such year as set forth in the Business Plan.
- 10.9 Costs incurred by Licensee in connection with customer accommodation or after-sales service, customer gifts or invitations, dealers' meetings and training of marketing and sales personnel are not included in the activities stated in clauses 10.6 and 10.7 and shall be borne solely by Licensee.
- 10.10 Any and all public statements, publications and information given to third parties concerning this Agreement or the relationship between Licensee and HUGO BOSS generally must be previously agreed upon by the parties, except where such statements are required by law or government act. However, the

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parties shall inform each other of such statements required by law or government act. Normal company information of Licensee and HUGO BOSS that does not contain any statements regarding the contents of this Agreement or its relationship with HUGO BOSS is exempted from this provision.

- 10.11 Licensee is not permitted to use the Trademarks as a part of its firm name or as part of the firm name of a company affiliated or otherwise associated with it. The use of the Trademarks by Licensee on letterhead, forms, business cards, etc. requires the prior written approval of HUGO BOSS.
- 10.12 The parties will consult at least semi-annually to review the level of actual expenditures for (i) the production and placement of advertising for the Licensed Products in print and electronic media and (ii) the activities set forth in Sections 10.5, 10.6 and 10.7, relative to sales growth, including consideration of whether certain increases in such expenditures are appropriate. If the parties disagree as to whether certain increases are appropriate, a top management meeting of the parties can be called by either party and the parties will use their best efforts to resolve such disagreement.

11. Business Plan

11.1 The parties have agreed upon a Business Plan for the term of this Agreement, as set forth in Appendix 5 (the "Business Plan"). This Business Plan determines:

- the sales targets (volume and value), specified by products and regions
- the sequence of collection development
- the distribution structure and distribution manpower investments
- the marketing, advertising and promotional investments
- the marketing and design manpower investments
- the utilisation of marketing, advertising and promotional investments
- the size of collections and suggested retail price points
- the launch schedule

etc. with regard to the business development of the Licensed Products for the complete term of this Agreement. Licensee shall, once a year, develop a forward rolling action plan covering the pursuant three (3) years, containing among other things, sales, turnover, number of customers per country and other data contained in the Business Plan. HUGO BOSS and Licensee shall agree on the action plan in a joint annual meeting. If the Parties cannot agree on the three-year action plan, a top management meeting of the parties can be called by either party and both parties will use their best efforts to solve the issue.

- 11.2 On request by HUGO BOSS, Licensee shall inform HUGO BOSS in writing of actions taken and confirm compliance with the individual steps of the three-year action plan and the implementation of the planned activities.
12. Information, Co-ordination and Co-operation
- 12.1 Licensee shall inform HUGO BOSS in a timely manner, if it terminates the collaboration with a distributor.
- 12.2 HUGO BOSS and the Licensee shall each designate a person at their respective companies to be in charge of the development, design and marketing of the Licensed Products.
- 12.3 In co-ordination with Licensee, HUGO BOSS has defined all reporting data relevant to HUGO BOSS' quality control of the manufacture, distribution and sale of Licensed Products (Appendix 5) and shall specify the frequency with which such data is to be made available. This data must be electronically processed and made available to HUGO BOSS via data transmission in a complete and timely manner. The Parties shall jointly decide on changes to the reporting data format.
- 12.4 HUGO BOSS may specify and furnish the data processing interfaces necessary for a smooth exchange of data in accordance with Licensee; provided that, in any event, it shall be sufficient if Licensee furnishes the required reporting data to Hugo Boss via email.
- 12.5 The parties will endeavour to keep each other fully informed on a timely basis of all issues that reasonably could be expected to have a material impact on the production, marketing, advertising, promotion, sale or distribution of the Licensed Products and Licensee shall furnish HUGO BOSS with such reports in respect thereof as HUGO BOSS may reasonably request from time to time.
- 12.6 Licensee acknowledges HUGO BOSS's intent to license the Trademarks for jewellery, as provided in Sec. 1.1 and Licensee will reasonably cooperate with any such jewellery licensee.
13. Trademarks, Internet Domains and other Intellectual Property Rights
- 13.1 During the term of this Agreement, Licensee shall be entitled to use the Trademarks only as provided herein in connection with the Licensed Products, subject to the terms hereof, and for no other purpose. Upon termination of this Agreement for any reason, Licensee shall immediately discontinue all use of the Trademarks, except as otherwise provided herein or as otherwise agreed in writing by HUGO BOSS, and thereafter will not, either directly or indirectly, use any other name, title, expression, design or packaging so nearly

resembling the Trademarks as would be likely to lead to any confusion or uncertainty or to deceive the public.

- 13.2 Licensee agrees that, to the extent such guidelines are not inconsistent with any of the provisions of this Agreement, it will fully comply with any and all guidelines notified to Licensee by HUGO BOSS regarding the utilisation of the Trademarks on or in connection with the distribution and sale of Licensed Products, including, without limitation, any corporate Identity Policies of HUGO BOSS on the use of the Trademarks.
- 13.3 The Trademarks and the Licensor Designs, whether or not registered by HUGO BOSS, are the sole property of HUGO BOSS. HUGO BOSS warrants that it has the full and exclusive right, power and authority to grant this exclusive license for the Trademarks and the Licensor Designs to Licensee and that neither this Agreement nor the grant of such license conflicts with or will result in a breach of the terms, conditions, provisions, representations, warranties or covenants contained in any other agreement to which Hugo Boss, or any of the Hugo Boss Group Companies, is a party, including, the Previous License Agreements (as defined in section 17.1). Licensee recognises the exclusive rights of HUGO BOSS with respect to the Trademarks and acknowledges that all rights of use of the Trademarks on or in connection with the Licensed Products by Licensee inure solely to the benefit of HUGO BOSS. The parties agree that any and all rights to the Trademarks that may arise from their use by the Licensee shall vest solely in HUGO BOSS. Licensee agrees that it shall take no action that might impair in any way HUGO BOSS' rights with respect to the Trademarks, including, without limitation, registering the Trademarks in its own name, or might damage HUGO BOSS' license relationships with third parties with respect to manufacture, distribution or otherwise.

Licensee is aware that all Internet Domains relating to the trademarks are the sole property of HUGO BOSS AG, Dieselstrasse 12, D-72555 Metzingen, Germany, and recognises the exclusive rights of HUGO BOSS AG of such Internet Domains. The parties agree that the provisions of this subsection 13.3. also apply, mutatis mutandis, to said Internet Domains. Licensee is further aware that HUGO BOSS is entitled to use such Internet Domains.

- 13.3.1 HUGO BOSS shall have the sole responsibility between the parties to maintain the Trademarks and the Licensor Designs, in particular, to pay all pertaining prolongation fees, initiate and conduct opposition proceedings against similar trademark or design applications, in any applicable country of the License Territory. HUGO BOSS shall do so on its own costs. Licensee agrees to provide any and all information to HUGO BOSS which may reasonably be required in such actions, e.g. invoices to prove use of any given Trademark. Licensee shall give immediate notice to HUGO BOSS of any application or registration of a sign, trade name, trademark, or product packaging or product design which

comes to Licensee's attention and which appears to violate any of HUGO BOSS' rights with respect to the Trademarks or any packaging or product design.

13.3.2 Subject to this Sec. 13.3.2, HUGO BOSS shall further have the sole right as between the parties to defend the rights to the Trademarks and any other rights of HUGO BOSS in any applicable country of the License Territory against third party infringements of the Trademarks, e.g. counterfeits, use of the Trademarks, HUGO BOSS product or packaging design without authorization of HUGO BOSS, or of brand names or product or packaging design by third parties confusingly similar to the Licensed Products. Licensee agrees to provide any and all information to HUGO BOSS which may reasonably be required in such actions which HUGO BOSS in its sole discretion may initiate. In particular, but without limitation, Licensee shall provide prompt notice to HUGO BOSS of products which come to Licensee's attention and which infringe upon HUGO BOSS' rights, providing the names and addresses of the manufacturer, the supplier or seller, as the case may be, together with bills, receipts and other records, if any. Notwithstanding the foregoing, with respect only to products which are counterfeits of the Licensed Products, the parties will consult to determine appropriate action. If, following such consultation, the parties agree to bring any claim, complaint, proceeding or other action, then HUGO BOSS shall bring the claim, complaint, proceeding or other action in its name and the parties shall equally share all costs and all monetary recoveries, if any, including without limitation, judgments, settlements and any other awards, in connection therewith and the parties will reasonably co-operate in good faith with respect to each such action brought. If, following such consultation, only one party desires to pursue action, then such party shall have the right to pursue such action in its own name at its sole cost and shall be exclusively entitled to any and all damages and other amounts recovered or awarded in connection with any such action and the other party shall reasonably cooperate with the party pursuing such action at the latter's expense; provided however that notwithstanding the foregoing, in no event shall Licensee have the right to pursue any such action without the prior written consent of HUGO BOSS which HUGO BOSS shall not unreasonably withhold. Licensee shall give prompt notice to HUGO BOSS of any use of a sign, trade name, trademark, or product packaging or product design which comes to Licensee's attention and which appears to be an infringement upon or to violate any of HUGO BOSS' rights with respect to the Trademarks or any packaging or product design. Nothing set forth herein shall be construed as requiring HUGO BOSS to prosecute any infringements if in its own discretion it decides not to do so.

13.3.3 HUGO BOSS shall continue to take all reasonable and necessary actions to obtain trademark registrations in those countries of the License Territory, where such registrations for the Trademarks have been applied for but are not yet issued, as identified in Appendices 1 and 2 to this Agreement. In addition, in the event that HUGO BOSS determines that it is necessary to do so, HUGO BOSS shall take all reasonable and necessary actions to obtain additional

registrations for the Trademarks in those countries identified in Appendix 1 where such registrations have not yet been applied for. However, HUGO BOSS is not liable for ensuring the successful registration of the Trademarks in these countries. HUGO BOSS shall keep Licensee informed as to the legal status of the Trademarks. HUGO BOSS shall not be liable for ensuring that the Trademarks are utilised in a manner which maintains their protection.

Upon request by Licensee, HUGO BOSS shall take all reasonable and necessary actions to obtain trademark registrations of the Trademarks in other countries of the License Territory not named in Appendix 1 to this Agreement, provided that HUGO BOSS, accepts no liability for failure to successfully register such Trademarks in such countries.

In the event that trademark registrations for the Trademarks cannot be obtained in a country where, according to this section 13.3.3, Hugo Boss is to seek such registrations, and such country is specifically mentioned in the Business Plan and the failure to obtain any such registrations has a material adverse affect on Licensee's ability to sell Licensed Products in such country, the Business Plan shall be adjusted proportionately to reflect the elimination of such country.

13.3.4 Licensee shall use its best efforts to assist and otherwise co-operate with HUGO BOSS in applying for and maintaining the registration and protection of the Trademarks, such efforts to include without limitation, executing any registered user or other agreement or document as may be appropriate, through the making of necessary declarations, delivery of necessary documents and by providing useful or appropriate information. HUGO BOSS shall reimburse Licensee for its out-of-pocket costs incurred therefore.

Licensee shall supply to HUGO BOSS upon its reasonable request copies of invoices and other records of sales for each country where necessary or useful to establish proof of Trademark use in such countries on the Licensed Products. For this purpose, Licensee shall also regularly inform HUGO BOSS of the countries in which deliveries of the Licensed Products are expected in the then current year.

13.3.5 Licensee agrees that it will be listed as "Registered User" of the Trademarks for the Licensed Products to the extent possible and/or required under relevant local law. HUGO BOSS will reimburse Licensee for its costs incurred therefore.

13.3.6 Licensee agrees: (a) to use the Trademarks exclusively in the design format indicated by HUGO BOSS, and, to the extent not contrary to any of the provisions hereof, in conformity with the "Corporate Identity Policy" of HUGO BOSS, (b) to designate them with the markings prescribed by HUGO BOSS (such as "(R)" or "Marca registrada," "HUGO BOSS is the registered trademark of HUGO BOSS AG" or the like); provided that no such designation shall be

required on the Licensed Products themselves, and (c) to the extent not contrary to any of the provisions hereof, to observe any and all other restrictions and conditions reasonably notified by HUGO BOSS to Licensee, including those which may arise from agreements between HUGO BOSS and any third party.

Licensee shall not itself use the Trademarks in connection with sub-brands or accompanying brands of Licensee or otherwise in any way not explicitly permitted by this Agreement or HUGO BOSS. In particular, and without limiting the foregoing, designations such as "BOSS HUGO BOSS by" are prohibited. All references to the manufacturer and/or Licensee require the prior written approval of HUGO BOSS. Notwithstanding the foregoing, Licensee shall not be prohibited from using model names for individual collections of Licensed Products or from applying for trademark registrations for such model names, provided that Licensee shall be solely responsible for all costs associated therewith.

- 13.4 The parties acknowledge and agree that, as provided in section 6.5, HUGO BOSS is the owner of all rights to the Licensor Designs and of the designs of the promotional material. HUGO BOSS grants the Licensee for the duration of this Agreement the right of use of these designs for the purpose of this Agreement in the License Territory. Furthermore, except as otherwise provided in Article 18, the Licensee undertakes to no longer use the above-mentioned designs and promotional material after termination of this Agreement.

Notwithstanding and without limiting the foregoing, Licensee shall provide to HUGO BOSS any and all instruments or documents necessary or useful to confirm HUGO BOSS' ownership of such copyright and design rights, including, without limitation, any assignments of rights that HUGO BOSS may reasonably request.

- 13.4.1 HUGO BOSS shall own all inventions made by Licensee or its employees, whether or not patentable, which are based in whole or in part on Confidential Information from HUGO BOSS as hereinafter defined in Sec. 14. Licensee shall promptly notify HUGO BOSS of the making of each such invention and shall co-operate in securing to HUGO BOSS the benefits of each such invention throughout the world by executing assignments, patent applications and similar documents necessary for HUGO BOSS to perfect rights in the invention; provided that Hugo Boss reimburses Licensee all amounts incurred by Licensee in assigning such rights to Hugo Boss, including, without limitation, any and all amounts Licensee may be required to pay by law to the inventing employee.
- 13.5 Any and all intellectual property rights in display and sales promotional materials related to the Licensed Products shall be the property of HUGO BOSS. Licensee shall co-operate in securing to HUGO BOSS the benefits of any such rights throughout the world by executing assignments and similar documents necessary for HUGO BOSS to perfect its rights in such matters.

13.6 The provisions contained in this Section 13. shall not affect Sec. 18.

14. Confidentiality

The Parties agree to use all Confidential Information (as hereinafter defined) of the other party provided to it or obtained by it pursuant to this Agreement only in its capacity as contracting party to this Agreement and as contemplated in this Agreement. "Confidential Information" shall mean any and all technical data, knowledge or information, trade secrets or advice relating to the design development, manufacture, assembly, use, sale, and customer servicing of the Licensed Products and any and all information concerning the business of the other party. Either party acknowledges the other party's sole rights in the Confidential Information. Either party shall ensure that, without the prior written approval of the other party, no Confidential Information shall be used for any purpose other than as set forth herein or copied or disclosed to any third party during the term of this Agreement or after its termination.

This confidentiality provision does not apply to information

- (i) which was or comes into the public domain through no fault of the receiving party, or
- (ii) which was obtained from a third party legally entitled to use and disclose such information, or
- (iii) the disclosure of which is required by law, or
- (iv) which was already in possession of the receiving Party before closing this Agreement and not otherwise subject to any confidentiality obligation as between the parties.

Upon termination of this Agreement, either party shall either return to the other party, or at the request of the other party, destroy all Confidential Information in its possession.

15. Other Products

15.1 Licensee will not manufacture or distribute watches under the brand names * ; provided that, nothing contained herein shall prohibit Licensee from acquiring any third party distributing either or both of those watch brands so long as such distribution ceases within twelve (12) months after the date of such acquisition.

*CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC PUSUANT TO RULE 24b-2 OF THE 1934 ACT.

16. Liability Issues

- 16.1 Licensee shall be responsible for any and all defects in the Licensed Products and in no event shall HUGO BOSS be liable for any direct, indirect, special, incidental or consequential damages or any lost revenues or profits or any other damages arising with respect to the Licensed Products, whether based in contract, tort, breach of express or implied warranty, including without limitation, negligence or product liability.
- 16.2 If either party becomes aware of any law, or other rule, regulation or order having the force of law issued by any duly constituted authority having appropriate jurisdiction, in any country included within the Business Plan that would have the effect of making it impractical to sell or to continue selling Licensed Products in or into such country, the parties shall consult in good faith and attempt to agree on an appropriate adjustment to the Business Plan, including, without limitation, a proportionate reduction in target Net Sales.
- 16.3 Hugo Boss will indemnify, defend and hold harmless Licensee, each Licensee Affiliate, and their respective officers, directors, agents, employees, shareholders, legal representatives, successors, affiliates and assigns, from and against any and all claims, actions, suits, liabilities, damages and expenses (including reasonable attorneys' fees, costs and expenses) which Licensee or any Licensee Affiliate may incur or be obligated to pay in any action or claim (i) for infringement of any other person's claimed right to use a trademark or other intellectual property right (except claimed rights relating to the designs of the Licensed Products or to any intellectual property used by Licensee and not granted by HUGO BOSS hereunder) in the Territory, including such infringements as may be contained in any advertising placed by Hugo Boss, where such action or claim results from Licensee's proper use of the Trademarks or other rights (except rights related to the Licensor Designs) granted hereunder in the Territory, in accordance with the terms of this Agreement, or (ii) arising out of or in connection with the Previous License Agreements (as defined in section 17.1) or the termination of either or both of the Previous License Agreements, or the distribution, sale, marketing or advertising of the Prior Product (as defined in section 17.1). Licensee will give Hugo Boss timely written notice of any such claim or action, and thereupon Hugo Boss will undertake and conduct the defense of any suit so brought. HUGO BOSS further agrees that the provisions contained in this Section shall survive the termination or expiration of this Agreement.
- 16.4 Licensee agrees to indemnify, defend and save harmless HUGO BOSS and its officers, directors, agents, employees, shareholders, legal representatives, successors, affiliates and assigns, and each of them, from any and all claims, actions and suits and from and against any and all liabilities, judgements, losses, damages, costs, charges, reasonable attorneys' fees and other expenses of every nature and character incurred in any action between HUGO BOSS and any third party, relating to Licensee's business and/or with respect to the

Licensed Products (including, without limitation, any breach by Licensee of this Agreement). Licensee further agrees that the provisions contained in this Section shall survive the termination or expiration of this Agreement. Licensee will maintain at all times during the term of the Agreement and for 5 (five) years thereafter and provide evidence thereof to HUGO BOSS from time to time upon its request, product liability insurance of a kind and in an amount reasonably satisfactory to HUGO BOSS naming HUGO BOSS as beneficiary as its interests shall appear.

17. Transition from preceding agreement on Licensed Products

17.1 Licensee is aware that prior to the date of this Agreement, HUGO BOSS granted a license to use the Trademarks in connection with Licensed Products to Tempus Concept S.A. ("Tempus") and, following the bankruptcy of Tempus to Roventa-Henex S.A. ("Roventa") (the "Previous License Agreements"). Hugo Boss represents and warrants that the Previous License Agreement with Tempus has been properly terminated, and that neither Tempus, nor any party claiming under Tempus, nor any other third party, has any right and, after termination of the Previous License Agreement with Roventa, neither Roventa nor any party claiming under Roventa will have any right, to use the Trademarks in connection with the Licensed Products; except that Roventa has existing inventory of finished watches bearing the Trademarks ("Prior Product") which it has the right to sell. HUGO BOSS will use best efforts to terminate the Previous License Agreement with Roventa on or prior to March 15, 2005.

17.2 Hugo Boss shall purchase all Prior Product from Roventa as soon as practicable. Promptly after purchasing the Prior Product, Hugo Boss shall send Licensee a list describing all such Prior Product, giving quantities and identifying all such Prior Product by model number, and otherwise containing such additional information as Licensee may reasonably request. Licensee shall have the right to examine all such Prior Product upon prior notice to Hugo Boss at a mutually convenient time. Within thirty (30) days after receipt of the above described list, Licensee shall identify which styles and quantities of such products it elects to purchase from HUGO BOSS; provided, that in any event Licensee shall purchase those styles listed on Appendix 6 annexed hereto. Of those styles listed in Appendix 6, Licensee shall purchase at least such of the Prior Product as it reasonably deems necessary for establishing an initial inventory of Licensed Products and for purposes of performing its obligations under this Agreement for calendar year 2005 and in any event up to * based on average monthly sales for the prior two (2) years. Hugo Boss shall sell such Prior Product to Licensee at the price Hugo Boss paid to purchase such products, and, together therewith, shall use best efforts to provide Licensee with a corresponding number of boxes, warranty cards and operating manuals. Hugo Boss shall have the right to sell any Prior Products not purchased by Licensee until, but in no event after, June 30, 2006. All Prior Product remaining in Hugo Boss's possession after June

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30, 2006 either will be destroyed (in which event Hugo Boss will furnish to Licensee appropriate evidence of such destruction as Licensee may request) or will be sold by HUGO BOSS through its outlet stores.

- 17.3 Subject to the other provisions contained herein, the parties shall reasonably co-operate to manage all issues, including, without limitation, all communications issues, arising out of the termination of the Previous License Agreements, with the aim to appropriately and expeditiously dispose of the Prior Product while maintaining and developing the reputation and distribution of the Licensed Products.
18. Contract Term and Termination
- 18.1 This Agreement enters into force on March 21, 2005, and shall continue in effect until December 31, 2013, unless sooner terminated as herein provided; except that if Licensee pays to HUGO BOSS license fees which are based on Net Sales * for the year 2011, the Agreement will be automatically extended for an additional period of five (5) years through December 31, 2018, unless either party gives notice of non-extension at any time during the period from March 1, 2012, to April 30, 2012. In case Licensee pays to HUGO BOSS license fees based on Net Sales * for the year 2011, not later than 18 months before the final expiration of the Agreement the contracting parties shall enter into negotiations for the extension of the Agreement.
- 18.2 Either contracting party may terminate the Agreement if for two successive calendar years (beginning after calendar year 2005) only the minimum license fees are paid. In this case the notice period for termination is two months before the end of the half calendar year following the relevant time periods. For the avoidance of doubt, all payment obligations of Licensee under this Agreement shall continue during such half year period.
- 18.3 Further, the Agreement may be terminated by either party upon a notice period of three months prior to June 30 and December 31 of a particular year where there are material changes in the ownership composition of the other party, i.e. a change of fifty (50) % or more of the voting ownership rights. The right of termination must be exercised within three months after receiving the information about the material change in ownership composition.

Notwithstanding the foregoing, Hugo Boss shall not have any such right of termination where the new owner of Licensee is either

- (i) a financial investor, or
- (ii) a strategic investor experienced in the design, manufacture, marketing and sale of high end watches or fashion products, However, in the

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event that the entity owning either * brand acquires fifty percent (50%) or more of Licensee or of any entity controlling Licensee, the following shall apply: If the agreed Business Plan will not be met for the calendar year in which such change of ownership of Licensee has taken place, HUGO BOSS can terminate the Agreement with six (6) months notice.

Licensee shall not have any such right of termination where the new owner of HUGO BOSS is either

- (i) a financial investor, or
- (ii) a strategic investor experienced in the design, manufacture, marketing and sale of high end fashion products.

After a warning letter with a period of maximum 6 (six) months for fulfilling its obligations of the Business Plan and any further action plans as referred to in Sec. 11, HUGO BOSS may also terminate the Agreement upon a notice period of three months prior to June 30 and December 31 of a particular year, if Licensee fails to fulfil its above-mentioned obligations.

18.4 The right to terminate for cause remains unaffected. Such cause also exists,

- (a) if the other contracting party becomes insolvent,
- (b) if settlement or bankruptcy proceedings are commenced with respect to the estate of the other party,
- (c) if - insofar as not otherwise indicated in this Agreement - the other party fails to fulfill within 30 (thirty) days a contractual obligation or one undertaken in order to fulfil this Agreement despite prior written notice, or fails to desist from conduct that is in violation of the Agreement within this period,
- (d) if the other party is in breach of a material obligation hereunder and fails to remedy such breach (if it reasonably can be remedied) within ten (10) days after receipt of notice thereof from the party not in breach, or,
- (e) without prior written notice, if the other party has repeatedly breached the same obligation hereunder within any twelve (12) month period.
- (f) if by reason of the other party's behaviour, continued compliance with contractual obligations would be considered intolerable by a reasonable party .

18.5 HUGO BOSS may also terminate the Agreement with a notice period of ten (10) days for cause if Licensee falls more than three months into arrears in paying the license fees. If Licensee considerably damages the reputation of the Trademarks by a negligent act or omission, HUGO BOSS may likewise terminate the Agreement without notice.

18.6 Terminations and notices under this provision must be communicated by registered mail or personal delivery.

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19. Consequences of Termination of the Agreement

- 19.1 The termination of this Agreement according to one of the above provisions does not release either party from any of its obligations under this Agreement that arise or come due, as the case may be, after the termination of this Agreement or that by their express terms survive termination. Upon the justified termination for cause as defined in Sec. 18.4 by HUGO BOSS, all outstanding license and Advertising Fees will become immediately due and payable.

Further rights of indemnity etc. will not be affected by extraordinary notice of termination, regardless of whether such rights are founded upon the Agreement or in law. The regular or extraordinary notice of termination and termination as such does not in itself give rise to any sort of damages or compensation claims.

- 19.2 On the date of termination or expiration of this Agreement, except as otherwise provided herein, all rights of the Licensee to use the designations "BOSS" and/or "BOSS HUGO BOSS" and/or any other trademark belonging to HUGO BOSS shall end and the Licensee shall also cease making any reference to HUGO BOSS and/or its Trademarks and any reference to previous activity/co-operation for/with HUGO BOSS as Licensee of HUGO BOSS, and will also be responsible therefore on behalf of its subcontractors. Further, the Licensee shall, no later than as of the date of termination of the Agreement, extinguish all "Registered User" registrations at its own cost or - upon the request and at the cost of HUGO BOSS - transfer them, to the extent legally possible, to third persons designated by HUGO BOSS.

- 19.3 Notwithstanding anything to the contrary contained in this Agreement, HUGO BOSS has the right to purchase from Licensee, completely or in part, Licensed Products on hand with the Licensee in finished form or still in production, insofar as they have been manufactured according to designs approved by HUGO BOSS pursuant to Section 6.3, at the Licensee's book value evaluated by a third party to be nominated by both parties; if the parties cannot agree on the appropriate person within 30 days, such person shall be appointed by the President of the Industrie- und Handelskammer Stuttgart. To exercise such right, Hugo Boss shall give Licensee written notice of the Licensed Products Hugo Boss intends to purchase no later than thirty (30) days prior to the effective termination date.

Licensee shall be permitted to distribute all its remaining Licensed Products not purchased by Hugo Boss for up to twelve months after the termination of the Agreement upon the previously customary conditions and through the previously utilised or similar channels of distribution; provided however that the quantity of Licensed Products Licensee shall be permitted to sell during such twelve month period may not exceed one hundred twenty percent (120%) of the units sold by Licensee in the immediately preceding year, and provided

further that any quantity in excess thereof either will be destroyed (in which event Licensee shall furnish to HUGO BOSS appropriate evidence of such destruction as HUGO BOSS may request) or may be sold by Licensee for an additional period not exceeding six (6) months through its outlet stores. After the aforementioned six(6) month period, Licensee shall destroy all remaining inventory and shall furnish HUGO BOSS appropriate evidence of such destruction. The Licensee shall account for these sales and pay the computed license fees to HUGO BOSS no later than within eight months after the termination of the Agreement.

- 19.4 In addition to its rights under Section 19.3, in case Licensee has still remaining inventory after the twelve month distribution period HUGO BOSS shall also have the right of election:
- a) to purchase the remaining inventory, completely or in part on terms to be mutually agreed upon,
 - b) or to request the transfer of the remaining inventory to a third party designated by HUGO BOSS on terms to be mutually agreed upon. These sales will not be subject to the payment of license fees.
- 19.5 In order to enable HUGO BOSS to exercise its right of election of Sec. 19.3 and 19.4, the Licensee shall promptly inform HUGO BOSS as to the existing inventory of Licensed Products, broken down by article number including colour variants. Upon receipt of the information about the inventory, HUGO BOSS shall decide within four weeks the manner in which its right of election will be exercised.
20. Miscellaneous
- 20.1 Licensee may not assign, delegate to third parties or sublicense rights or duties under this Agreement or assign the Agreement as a whole, without the express prior written consent of HUGO BOSS. This does not apply to an assignment, delegation, or sublicense to any Licensee Affiliate (provided that notwithstanding any such assignment, delegation or sublicense, MGI Luxury Group S.A. shall remain liable for performance of Licensee's obligations hereunder) or to any change in control otherwise permitted under section 18.3. Licensee shall notify HUGO BOSS any such assignment. HUGO BOSS shall not assign any rights or delegate any duties to any party other than an affiliate.
- 20.2 This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, oral or written, between the parties hereto with respect to the subject matter hereof.
- This Agreement may be modified, amended or supplemented (including this clause) only by the mutual written agreement of the parties hereto.

- 20.3 This Agreement is made and shall be construed in all respects in accordance with the laws of the Federal Republic of Germany, without regard to its conflicts of law principles. The parties irrevocably agree that all disputes related to this Agreement shall be brought exclusively before the courts of Stuttgart, provided, that HUGO BOSS may, but is not obliged to, seek relief in any court located in the place of Licensee's principal place of business.
- 20.4 In the event any of the provisions of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, unless the unenforceability or invalidity thereof causes a substantial departure from the underlying intent and sense of the remainder of this Agreement, the validity and enforceability of the remaining provisions shall not be affected thereby, except those remaining provisions of which the unenforceable or invalidated provisions comprise an integral part of or from which they are otherwise clearly inseparable. In the event any provision is held unenforceable or invalid, the parties shall use their best efforts to agree upon an enforceable and valid provision which shall be a reasonable substitute for such unenforceable or invalid provision in light of the purpose of this Agreement, and, upon so agreeing, shall incorporate such substitute provision in the Agreement. The same applies if omissions in the Agreement become apparent. The relevant provision, which is unenforceable or missing, is then to be replaced by a valid provision corresponding to the meaning and purpose of this Agreement.
- 20.5 The instant Agreement is executed in duplicate. Appendices 1 - 6 to this Agreement constitute a part of this Agreement.
- Appendix 1: Trademarks (Exclusive License)(Sec. 1.1)
- Appendix 2: Trade name (non-exclusive license) (Sec. 1.1)
- Appendix 3: Quality directives (Sec. 7)
- Appendix 4: Business Plan (Sec. 11)
- Appendix 5: Reporting format (Sec. 12)
- Appendix 6: Prior Product Styles (Sec.17.2)
- 20.6 No delay or omission by either of the parties hereto in exercising any right or remedy provided for herein shall constitute a waiver of such right or remedy, nor shall it be construed as a bar to or a waiver of any such right or remedy on any future occasion. No waiver by either party of any provision of this Agreement, or of any breach of default shall be effective unless in writing and signed by the party against whom such waiver is to be enforced.
- 20.7 Nothing contained herein shall be deemed to place the parties in the relationship of employer-employee, partners, joint venturers, or either as agent of the other. Licensee shall not represent itself as the employee, partner, agent or legal representative of HUGO BOSS for any purpose

whatsoever and shall have no right to create or to assume any obligation of any kind, express or implied, for or on behalf of HUGO BOSS; provided, however, that Licensee may describe itself as the exclusive licensee of the Licensed Products in the License Territory.

20.8 Notwithstanding the provisions in Sec. 20.3 above, HUGO BOSS may enforce its rights under Sec. 13 and 14 and Licensee may enforce its rights under Sec. 14, in any court having competent jurisdiction.

20.9 The English language version of this Agreement shall be the definitive version and any issues that may arise in connection with this Agreement or its interpretation shall be resolved by reference only to that version.

20.10 Any notice to be given pursuant to this Agreement shall be written in English and shall be deemed duly given when sent by reputable overnight international courier including FedEx, UPS or DHL to the respective address first set forth above or by facsimile to the respective facsimile number set forth below confirmed by letter as aforesaid, or to such other address and/or facsimile number as a party hereto may designate by like notice.

To Licensee: Fax: (41) 32 329 34 01
Attn: General Manager - Hugo Boss Watches
Copy to: Fax: (201) 267 8050
Attn: Brand Manager - Hugo Boss Watches

To HUGO BOSS: Fax: (49) 7123 94 2018
Attn: Head of Legal Department
Copy to: Fax: (49) 7123 94 2086
Attn: Head of Licensing Department

20.11 The obligations of either party hereunder, except for the obligations of Licensee to pay license fees, Advertising Fees and other amounts to be paid to HUGO BOSS hereunder, shall be excused for a period equal to the time by which such performance is prevented or delayed as a result of strikes, labor

disputes, acts of God, or any other causes beyond the reasonable control of the party obligated to perform.

Metzingen,2004

.....,2004

HUGO BOSS

By: /s/ Wolfgang Merte

Name: Wolfgang Merte

Title: Managing Director

MGI LUXURY GROUP S.A.

By: /s/ Kurt Burki

Name: Kurt Burki

Title: Chairman

By: /s/ Rick Cote

Name: Rick Cote

Title: Director

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Benelux	BHB	702475	registered
Bosnia-Herzegovina	BHB	702475	registered
Belarus	BHB	702475	registered
Ukraine	BHB	702475	registered
Great Britain	BHB	702475	registered
Kazakhstan	BHB	702475	registered
Yugoslavia	BHB	702475	registered
Austria	BHB	702475	registered
Denmark	BHB	702475	registered
Finland	BHB	702475	registered
Moldavia	BHB	702475	registered
China	BHB	702475	registered
Portugal	BHB	702475	registered
Sweden	BHB	702475	registered
Armenia	BHB	702475	registered
Slovenia	BHB	702475	registered
Albania	BHB	702475	registered
Switzerland	BHB	702475	registered
Italy	BHB	702475	registered
Algeria	BHB	702475	registered
Hungary	BHB	702475	registered
France	BHB	702475	registered
Sudan	BHB	702475	registered
Monaco	BHB	702475	registered
Liechtenstein	BHB	702475	registered
Norway	BHB	702475	registered
Morocco	BHB	702475	registered
Germany	BHB	39760304	registered
San Marino	BHB	702475	registered
Latvia	BHB	702475	registered
Macedonia	BHB	702475	registered
Poland	BHB	702475	registered
Croatia	BHB	702475	registered
Egypt	BHB	702475	registered
Iceland	BHB	702475	registered
Liberia	BHB	702475	registered
Azerbaijan	BHB	702475	registered
Cuba	BHB	702475	registered
Mongolia	BHB	702475	registered
Peru	BOSS	39436	registered
Denmark	BOSS	773035	registered
Algeria	BOSS	773035	registered
Algeria	BOSS	483341	registered
Australia	BOSS	A461875	registered
Bosnia-Herzegovina	BOSS	773035	registered
Uruguay	BOSS	352211	registered
Israel	BOSS	68301	registered

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Slovakia	BOSS	483341	registered
Antigua and Barbuda	BOSS	773035	registered
Kyrgystan	BOSS	773035	registered
Bulgaria	BOSS	773035	registered
Iceland	BOSS	773035	registered
Bosnia-Herzegovina	BOSS	483341	registered
Moldavia	BOSS	483341	registered
Turkey	BOSS	773035	registered
Yugoslavia	BOSS	515189	registered
Canada	BOSS	526466	registered
Albania	BOSS	483341	registered
Lithuania	BOSS	773035	registered
Ukraine	BOSS	483341	registered
Lithuania	BOSS	8430	registered
Yugoslavia	BOSS	773035	registered
Poland	BOSS	66417	registered
Switzerland	BOSS	483341	registered
Thailand	BOSS	108400	registered
Hungary	BOSS	515189	registered
Belarus	BOSS	515189	registered
Kazakhstan	BOSS	483341	registered
Singapore	BOSS	5002/87	registered
Moldavia	BOSS	515189	registered
France	BOSS	1414947	registered
Ukraine	BOSS	515189	registered
Estonia	BOSS	773035	registered
Spain	BOSS	773035	registered
Hungary	BOSS	483341	registered
Belarus	BOSS	483341	registered
Czech Republic	BOSS	773035	registered
Slovenia	BOSS	200071890	registered
Vietnam	BOSS	773035	registered
Egypt	BOSS	515189	registered
Austria	BOSS	483341	registered
Morocco	BOSS	773035	registered
Kenya	BOSS	773035	registered
Switzerland	BOSS	515189	registered
Sweden	BOSS	225178	registered
Austria	BOSS	773035	registered
Switzerland	BOSS	773035	registered
Liechtenstein	BOSS	483341	registered
Finland	BOSS	773035	registered
Korea South	BOSS	502360	registered
Rumania	BOSS	515189	registered
Italy	BOSS	773035	registered
Portugal	BOSS	515189	registered
Lesotho	BOSS	773035	registered

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Benelux	BOSS	515189	registered
Slovenia	BOSS	483341	registered
Slovakia	BOSS	773035	registered
Rumania	BOSS	483341	registered
Macedonia	BOSS	515189	registered
Taiwan	BOSS	419774	registered
Japan	BOSS	773035	registered
Austria	BOSS	515189	registered
Sudan	BOSS	515189	registered
Morocco	BOSS	515189	registered
Cuba	BOSS	773035	registered
South Africa	BOSS	B87/3241	registered
Antilles	BOSS	00674	registered
Slovakia	BOSS	515189	registered
Italy	BOSS	515189	registered
Korea North	BOSS	483341	registered
Tadzhikistan	BOSS	483341	registered
Kyrgystan	BOSS	483341	registered
Kyrgystan	BOSS	515189	registered
Australia	BOSS	773035	registered
United Arab Emirates	BOSS	31074	registered
Haiti	BOSS	D-1658	registered
Moldavia	BOSS	773035	registered
Swaziland	BOSS	773035	registered
Macedonia	BOSS	483341	registered
Liberia	BOSS	773035	registered
Honduras	BOSS	81.128	registered
Hungary	BOSS	773035	registered
Bhutan	BOSS	773035	registered
Vietnam	BOSS	483341	registered
Azerbaijan	BOSS	773035	registered
Canada	BOSS	416215	registered
Rumania	BOSS	773035	registered
France	BOSS	515189	registered
France	BOSS	483341	registered
Nicaragua	BOSS	49535	registered
USA	BOSS	1,472,180	registered
San Marino	BOSS	515189	registered
Germany	BOSS	515189	registered
Croatia	BOSS	773035	registered
Japan	BOSS	2190696	registered
Singapore	BOSS	773035	registered
Portugal	BOSS	483341	registered
Armenia	BOSS	773035	registered
Great Britain	BOSS	773035	registered
Georgia	BOSS	4102	registered
Monaco	BOSS	483341	registered

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
China	BOSS	773035	registered
Algeria	BOSS	515189	registered
Georgia	BOSS	773035	registered
Poland	BOSS	773035	registered
Mozambique	BOSS	773035	registered
Egypt	BOSS	773035	registered
Benelux	BOSS	773035	registered
Japan	BOSS	2191582	registered
Bosnia-Herzegovina	BOSS	515189	registered
Kazakhstan	BOSS	515189	registered
Greece	BOSS	78113	registered
Ireland	BOSS	132382	registered
Kuwait	BOSS	19654	registered
Germany	BOSS	1056140	registered
Croatia	BOSS	515189	registered
Macao	BOSS	1702	registered
Greece	BOSS	773035	registered
New Zealand	BOSS	169997	registered
Benelux	BOSS	483341	registered
Monaco	BOSS	773035	registered
Korea North	BOSS	515189	registered
Italy	BOSS	483341	registered
Slovenia	BOSS	515189	registered
Morocco	BOSS	483341	registered
Portugal	BOSS	773035	registered
Czech Republic	BOSS	483341	registered
Bulgaria	BOSS	515189	registered
Mongolia	BOSS	773035	registered
San Marino	BOSS	773035	registered
Uzbekistan	BOSS	483341	registered
Myanmar	BOSS	4/1186/1998	registered
Ukraine	BOSS	773035	registered
Belarus	BOSS	773035	registered
Norway	BOSS	135716	registered
Monaco	BOSS	515189	registered
France	BOSS	773035	registered
Kazakhstan	BOSS	773035	registered
Czech Republic	BOSS	515189	registered
Australia	BOSS	647105	registered
Liechtenstein	BOSS	773035	registered
Tunisia	BOSS	515189	registered
Sweden	BOSS	773035	registered
Liechtenstein	BOSS	515189	registered
Mongolia	BOSS	515189	registered
Slovenia	BOSS	773035	registered
Cyprus Greek	BOSS	49637	registered
Uzbekistan	BOSS	515189	registered

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Russia	BOSS	773035	registered
Vietnam	BOSS	515189	registered
Tadzhikistan	BOSS	515189	registered
Spain	BOSS	515189	registered
Tadzhikistan	BOSS	773035	registered
Turkmenistan	BOSS	773035	registered
Yugoslavia	BOSS	483341	registered
Russia	BOSS	483341	registered
Macedonia	BOSS	773035	registered
Jamaica	BOSS	B38806	registered
Latvia	BOSS	773035	registered
Armenia	BOSS	483341	registered
Turkey	BOSS	99252	registered
Croatia	BOSS	483341	registered
Brazil	BOSS	813467110	registered
Chile	BOSS	514562	registered
Finland	BOSS	125852	registered
Latvia	BOSS	M16755	registered
Germany	BOSS	1110284	registered
Brazil	BOSS	813467101	registered
Denmark	BOSS	02.049/1995	registered
Albania	BOSS	773035	registered
Great Britain	BOSS	1298751	registered
Sierra Leone	BOSS	773035	registered
Uzbekistan	BOSS	773035	registered
Norway	BOSS	773035	registered
Egypt	BOSS	483341	registered
San Marino	BOSS	483341	registered
Myanmar	BOSS HUGO BOSS	4/1184/1998	registered
Greece	BOSS HUGO BOSS	106590	registered
Lebanon	BOSS HUGO BOSS	61884	registered
Mexico	BOSS HUGO BOSS	502193	registered
USA	BOSS HUGO BOSS	1,531,899	registered
San Marino	BOSS HUGO BOSS LABEL	754225	registered
Tadzhikistan	BOSS HUGO BOSS LABEL	754225	registered
Vietnam	BOSS HUGO BOSS LABEL	606620	registered
Sweden	BOSS HUGO BOSS LABEL	754225	registered
Ecuador	BOSS HUGO BOSS LABEL	4056-94	registered
Switzerland	BOSS HUGO BOSS LABEL	516345	registered
Mongolia	BOSS HUGO BOSS LABEL	516345	registered
Spain	BOSS HUGO BOSS LABEL	754225	registered
Finland	BOSS HUGO BOSS LABEL	754225	registered
Albania	BOSS HUGO BOSS LABEL	606620	registered
Kazakhstan	BOSS HUGO BOSS LABEL	516345	registered
Slovakia	BOSS HUGO BOSS LABEL	754225	registered
Hungary	BOSS HUGO BOSS LABEL	606620	registered
Iran	BOSS HUGO BOSS LABEL	100166	registered

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Country	Trademark	Trademark No.	Status
France	BOSS HUGO BOSS LABEL	606620	registered
San Marino	BOSS HUGO BOSS LABEL	606620	registered
Sudan	BOSS HUGO BOSS LABEL	516345	registered
Germany	BOSS HUGO BOSS LABEL	2036450	registered
Croatia	BOSS HUGO BOSS LABEL	516345	registered
Cuba	BOSS HUGO BOSS LABEL	754225	registered
Poland	BOSS HUGO BOSS LABEL	606620	registered
Australia	BOSS HUGO BOSS LABEL	754225	registered
Macedonia	BOSS HUGO BOSS LABEL	754225	registered
Moldavia	BOSS HUGO BOSS LABEL	516345	registered
Dominican Republic	BOSS HUGO BOSS LABEL	73784	registered
Togo	BOSS HUGO BOSS LABEL	32910	registered
Vietnam	BOSS HUGO BOSS LABEL	754225	registered
Korea South	BOSS HUGO BOSS LABEL	319338	registered
Kazakhstan	BOSS HUGO BOSS LABEL	606620	registered
Croatia	BOSS HUGO BOSS LABEL	754225	registered
Mexico	BOSS HUGO BOSS LABEL	422852	registered
Monaco	BOSS HUGO BOSS LABEL	754225	registered
Mexico	BOSS HUGO BOSS LABEL	422851	registered
Tadzhikistan	BOSS HUGO BOSS LABEL	516345	registered
Barbados	BOSS HUGO BOSS LABEL	81/11740	registered
Rumania	BOSS HUGO BOSS LABEL	606620	registered
Gaza	BOSS HUGO BOSS LABEL	7417	registered
Kyrgyzstan	BOSS HUGO BOSS LABEL	754225	registered
Vietnam	BOSS HUGO BOSS LABEL	516345	registered
Belarus	BOSS HUGO BOSS LABEL	606620	registered
Egypt	BOSS HUGO BOSS LABEL	516345	registered
Slovakia	BOSS HUGO BOSS LABEL	516345	registered
Thailand	BOSS HUGO BOSS LABEL	66840	registered
Burkina Faso	BOSS HUGO BOSS LABEL	32910	registered
Italy	BOSS HUGO BOSS LABEL	754225	registered
Japan	BOSS HUGO BOSS LABEL	754225	registered
Austria	BOSS HUGO BOSS LABEL	754225	registered
Congo	BOSS HUGO BOSS LABEL	32910	registered
Iceland	BOSS HUGO BOSS LABEL	236/1993	registered
Uzbekistan	BOSS HUGO BOSS LABEL	754225	registered
Cyprus Greek	BOSS HUGO BOSS LABEL	39326	registered
Lithuania	BOSS HUGO BOSS LABEL	754225	registered
Benelux	BOSS HUGO BOSS LABEL	606620	registered
Liechtenstein	BOSS HUGO BOSS LABEL	754225	registered
Costa Rica	BOSS HUGO BOSS LABEL	88091	registered
Russia	BOSS HUGO BOSS LABEL	247287	registered
Finland	BOSS HUGO BOSS LABEL	134230	registered
Rumania	BOSS HUGO BOSS LABEL	754225	registered
Bulgaria	BOSS HUGO BOSS LABEL	606620	registered
Cuba	BOSS HUGO BOSS LABEL	606620	registered
Macao	BOSS HUGO BOSS LABEL	13018	registered
Czech Republic	BOSS HUGO BOSS LABEL	754225	registered

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Country	Trademark	Trademark No.	Status
Bhutan	BOSS HUGO BOSS LABEL	754225	registered
Andorra	BOSS HUGO BOSS LABEL	8958	registered
Korea North	BOSS HUGO BOSS LABEL	606620	registered
Turkey	BOSS HUGO BOSS LABEL	754225	registered
Mongolia	BOSS HUGO BOSS LABEL	606620	registered
Macedonia	BOSS HUGO BOSS LABEL	606620	registered
Jamaica	BOSS HUGO BOSS LABEL	B39835	registered
Bosnia-Herzegovina	BOSS HUGO BOSS LABEL	516345	registered
Germany	BOSS HUGO BOSS LABEL	1108880	registered
China	BOSS HUGO BOSS LABEL	550975	registered
Germany	BOSS HUGO BOSS LABEL	1185466	registered
Albania	BOSS HUGO BOSS LABEL	754225	registered
Greece	BOSS HUGO BOSS LABEL	754225	registered
Ivory Coast	BOSS HUGO BOSS LABEL	32910	registered
France	BOSS HUGO BOSS LABEL	754225	registered
Portugal	BOSS HUGO BOSS LABEL	754225	registered
Macedonia	BOSS HUGO BOSS LABEL	516345	registered
Spain	BOSS HUGO BOSS LABEL	606620	registered
Great Britain	BOSS HUGO BOSS LABEL	754225	registered
Portugal	BOSS HUGO BOSS LABEL	516345	registered
Guatemala	BOSS HUGO BOSS LABEL	77108	registered
Liechtenstein	BOSS HUGO BOSS LABEL	516345	registered
Kazakhstan	BOSS HUGO BOSS LABEL	754225	registered
Poland	BOSS HUGO BOSS LABEL	754225	registered
Bahrain	BOSS HUGO BOSS LABEL	16962	registered
Hungary	BOSS HUGO BOSS LABEL	516345	registered
Croatia	BOSS HUGO BOSS LABEL	606620	registered
Ghana	BOSS HUGO BOSS LABEL	31828	registered
Antigua and Barbuda	BOSS HUGO BOSS LABEL	754225	registered
Peru	BOSS HUGO BOSS LABEL	13715	registered
Chile	BOSS HUGO BOSS LABEL	646494	registered
China	BOSS HUGO BOSS LABEL	754225	registered
China	BOSS HUGO BOSS LABEL	606620	registered
Russia	BOSS HUGO BOSS LABEL	754225	registered
Czech Republic	BOSS HUGO BOSS LABEL	516345	registered
Ukraine	BOSS HUGO BOSS LABEL	754225	registered
Italy	BOSS HUGO BOSS LABEL	606620	registered
Algeria	BOSS HUGO BOSS LABEL	606620	registered
Colombia	BOSS HUGO BOSS LABEL	159326	registered
Equatorial Guinea	BOSS HUGO BOSS LABEL	32910	registered
Spain	BOSS HUGO BOSS LABEL	516345	registered
Singapore	BOSS HUGO BOSS LABEL	754225	registered
Chile	BOSS HUGO BOSS LABEL	392343	registered
Austria	BOSS HUGO BOSS LABEL	606620	registered
Central African Republic	BOSS HUGO BOSS LABEL	32910	registered
Liechtenstein	BOSS HUGO BOSS LABEL	606620	registered
Yugoslavia	BOSS HUGO BOSS LABEL	606620	registered
Cuba	BOSS HUGO BOSS LABEL	550975	registered

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Country	Trademark	Trademark No.	Status
Jordan	BOSS HUGO BOSS LABEL	33480	registered
Iceland	BOSS HUGO BOSS LABEL	754225	registered
Rumania	BOSS HUGO BOSS LABEL	516345	registered
Saudi Arabia	BOSS HUGO BOSS LABEL	638/23	registered
Yugoslavia	BOSS HUGO BOSS LABEL	516345	registered
Moldavia	BOSS HUGO BOSS LABEL	754225	registered
Hong Kong	BOSS HUGO BOSS LABEL	01161/2000	registered
Lesotho	BOSS HUGO BOSS LABEL	754225	registered
United Arab Emirates	BOSS HUGO BOSS LABEL	23105	registered
Italy	BOSS HUGO BOSS LABEL	516345	registered
Benelux	BOSS HUGO BOSS LABEL	516345	registered
Gabon	BOSS HUGO BOSS LABEL	32910	registered
Slovenia	BOSS HUGO BOSS LABEL	606620	registered
Latvia	BOSS HUGO BOSS LABEL	M16783	registered
Korea North	BOSS HUGO BOSS LABEL	516345	registered
Uruguay	BOSS HUGO BOSS LABEL	351727	registered
Sierra Leone	BOSS HUGO BOSS LABEL	754225	registered
Uzbekistan	BOSS HUGO BOSS LABEL	516345	registered
Sweden	BOSS HUGO BOSS LABEL	319458	registered
Chile	BOSS HUGO BOSS LABEL	646495	registered
Turkmenistan	BOSS HUGO BOSS LABEL	754225	registered
Norway	BOSS HUGO BOSS LABEL	754225	registered
Monaco	BOSS HUGO BOSS LABEL	606620	registered
Austria	BOSS HUGO BOSS LABEL	516345	registered
Azerbaijan	BOSS HUGO BOSS LABEL	754225	registered
France	BOSS HUGO BOSS LABEL	92425453	registered
Denmark	BOSS HUGO BOSS LABEL	03.620/1996	registered
Antilles	BOSS HUGO BOSS LABEL	00673	registered
Morocco	BOSS HUGO BOSS LABEL	754225	registered
Bulgaria	BOSS HUGO BOSS LABEL	516345	registered
Czech Republic	BOSS HUGO BOSS LABEL	606620	registered
San Marino	BOSS HUGO BOSS LABEL	516345	registered
Brazil	BOSS HUGO BOSS LABEL	813467152	registered
Lithuania	BOSS HUGO BOSS LABEL	8947	registered
Mongolia	BOSS HUGO BOSS LABEL	754225	registered
Slovenia	BOSS HUGO BOSS LABEL	754225	registered
Benelux	BOSS HUGO BOSS LABEL	754225	registered
France	BOSS HUGO BOSS LABEL	516345	registered
Switzerland	BOSS HUGO BOSS LABEL	606620	registered
Morocco	BOSS HUGO BOSS LABEL	606620	registered
Hungary	BOSS HUGO BOSS LABEL	754225	registered
Norway	BOSS HUGO BOSS LABEL	166036	registered
Slovakia	BOSS HUGO BOSS LABEL	606620	registered
Liberia	BOSS HUGO BOSS LABEL	754225	registered
Bolivia	BOSS HUGO BOSS LABEL	59321	registered
Malta	BOSS HUGO BOSS LABEL	22725	registered
Mali	BOSS HUGO BOSS LABEL	32910	registered
Chad	BOSS HUGO BOSS LABEL	32910	registered

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Country	Trademark	Trademark No.	Status
Algeria	BOSS HUGO BOSS LABEL	516345	registered
Egypt	BOSS HUGO BOSS LABEL	754225	registered
Denmark	BOSS HUGO BOSS LABEL	754225	registered
Trinidad and Tobago	BOSS HUGO BOSS LABEL	31244	registered
Estonia	BOSS HUGO BOSS LABEL	754225	registered
Kyrgystan	BOSS HUGO BOSS LABEL	516345	registered
Indonesia	BOSS HUGO BOSS LABEL	330827	registered
Bahamas	BOSS HUGO BOSS LABEL	16180	registered
France	BOSS HUGO BOSS LABEL	92425454	registered
Panama	BOSS HUGO BOSS LABEL	70279	registered
Georgia	BOSS HUGO BOSS LABEL	832	registered
Poland	BOSS HUGO BOSS LABEL	584899	registered
Yugoslavia	BOSS HUGO BOSS LABEL	754225	registered
Philippines	BOSS HUGO BOSS LABEL	63703	registered
Mexico	BOSS HUGO BOSS LABEL	422853	registered
Bermuda	BOSS HUGO BOSS LABEL	25579	registered
Morocco	BOSS HUGO BOSS LABEL	516345	registered
Switzerland	BOSS HUGO BOSS LABEL	754225	registered
Monaco	BOSS HUGO BOSS LABEL	516345	registered
Swaziland	BOSS HUGO BOSS LABEL	754225	registered
Armenia	BOSS HUGO BOSS LABEL	754225	registered
Ukraine	BOSS HUGO BOSS LABEL	516345	registered
Sudan	BOSS HUGO BOSS LABEL	606620	registered
Brazil	BOSS HUGO BOSS LABEL	813467160	registered
Yemen	BOSS HUGO BOSS LABEL	14049	registered
Georgia	BOSS HUGO BOSS LABEL	754225	registered
Paraguay	BOSS HUGO BOSS LABEL	270171	registered
Bulgaria	BOSS HUGO BOSS LABEL	754225	registered
Venezuela	BOSS HUGO BOSS LABEL	P232339	registered
Latvia	BOSS HUGO BOSS LABEL	754225	registered
Mauretania	BOSS HUGO BOSS LABEL	32910	registered
Ukraine	BOSS HUGO BOSS LABEL	606620	registered
Kenya	BOSS HUGO BOSS LABEL	754225	registered
Surinam	BOSS HUGO BOSS LABEL	13799	registered
Belarus	BOSS HUGO BOSS LABEL	754225	registered
Slovenia	BOSS HUGO BOSS LABEL	516345	registered
Bosnia-Herzegovina	BOSS HUGO BOSS LABEL	754225	registered
Cameroon	BOSS HUGO BOSS LABEL	32910	registered
Algeria	BOSS HUGO BOSS LABEL	754225	registered
Portugal	BOSS HUGO BOSS LABEL	606620	registered
Senegal	BOSS HUGO BOSS LABEL	32910	registered
Mozambique	BOSS HUGO BOSS LABEL	754225	registered
Tunisia	BOSS HUGO BOSS LABEL	516345	registered
Canada	BOSS HUGO BOSS LABEL	502586	registered
Niger	BOSS HUGO BOSS LABEL	32910	registered
Argentina	BOSS HUGO BOSS LABEL	1587386	registered
Guinea-Bissau	BOSS HUGO BOSS LABEL	32910	registered
Benin	BOSS HUGO BOSS LABEL	32910	registered

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Country	Trademark	Trademark No.	Status
Guinea	BOSS HUGO BOSS LABEL	32910	registered
Portugal	BOSS HUGO BOSS white/black	002860377	registered
Great Britain	BOSS HUGO BOSS white/black	002860377	registered
Mexico	BOSS HUGO BOSS white/black	775800	registered
Belgium	BOSS HUGO BOSS white/black	002860377	registered
China	BOSS HUGO BOSS white/black	785514	registered
Greece	BOSS HUGO BOSS white/black	002860377	registered
Denmark	BOSS HUGO BOSS white/black	002860377	registered
Spain	BOSS HUGO BOSS white/black	002860377	registered
Luxembourg	BOSS HUGO BOSS white/black	002860377	registered
Ireland	BOSS HUGO BOSS white/black	002860377	registered
Germany	BOSS HUGO BOSS white/black	002860377	registered
Italy	BOSS HUGO BOSS white/black	002860377	registered
Taiwan	BOSS HUGO BOSS white/black	1063553	registered
Netherlands	BOSS HUGO BOSS white/black	002860377	registered
Finland	BOSS HUGO BOSS white/black	002860377	registered
Austria	BOSS HUGO BOSS white/black	002860377	registered
Germany	BOSS HUGO BOSS white/black	30205552	registered
France	BOSS HUGO BOSS white/black	002860377	registered
Sweden	BOSS HUGO BOSS white/black	002860377	registered
Turkey	BOSS HUGO BOSS white/black	785514	registered
Ukraine	BOSS HUGO BOSS white/black	785514	registered
Slovenia	BOSS HUGO BOSS white/black	785514	registered
Japan	BOSS HUGO BOSS white/black	785514	registered
Russia	BOSS HUGO BOSS white/black	785514	registered
Spain	HUGO	000049270	registered
Italy	HUGO	000049270	registered
Germany	HUGO	2036129	registered
Bulgaria	HUGO	604808	registered
Egypt	HUGO	604808	registered
Cuba	HUGO	604808	registered
China	HUGO	604808	registered
Kazakhstan	HUGO	604808	registered
Slovakia	HUGO	604808	registered
Sweden	HUGO	604808	registered
Finland	HUGO	000049270	registered
Sudan	HUGO	604808	registered
Mexico	HUGO	571494	registered
Great Britain	HUGO	000049270	registered
Belgium	HUGO	000049270	registered
Rumania	HUGO	604808	registered
Greece	HUGO	000049270	registered
Morocco	HUGO	604808	registered
Benelux	HUGO	604808	registered
Croatia	HUGO	604808	registered
Switzerland	HUGO	604808	registered
Sweden	HUGO	000049270	registered

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Country	Trademark	Trademark No.	Status
Finland	HUGO	604808	registered
Algeria	HUGO	604808	registered
France	HUGO	604808	registered
Portugal	HUGO	604808	registered
Russia	HUGO	604808	registered
Netherlands	HUGO	000049270	registered
Great Britain	HUGO	604808	registered
Vietnam	HUGO	604808	registered
Germany	HUGO	000049270	registered
Canada	HUGO	548123	registered
Korea North	HUGO	604808	registered
Slovenia	HUGO	604808	registered
Greece	HUGO	123272	registered
Australia	HUGO	706184	registered
Portugal	HUGO	000049270	registered
Ukraine	HUGO	604808	registered
Italy	HUGO	604808	registered
Mongolia	HUGO	604808	registered
Hungary	HUGO	604808	registered
Austria	HUGO	604808	registered
Spain	HUGO	604808	registered
Denmark	HUGO	604808	registered
Liechtenstein	HUGO	604808	registered
Belarus	HUGO	604808	registered
Czech Republic	HUGO	604808	registered
Austria	HUGO	000049270	registered
San Marino	HUGO	604808	registered
Denmark	HUGO	000049270	registered
Poland	HUGO	604808	registered
Monaco	HUGO	604808	registered
Ireland	HUGO	000049270	registered
Yugoslavia	HUGO	604808	registered
Luxembourg	HUGO	000049270	registered
France	HUGO	000049270	registered
Italy	HUGO	793762	registered
Japan	hugo	2534878	registered
Greece	HUGO HUGO BOSS	114503	registered
Denmark	HUGO HUGO BOSS	200001318	registered
Myanmar	HUGO HUGO BOSS	4/1185/1998	registered
Uruguay	HUGO HUGO BOSS	264545	registered
Rumania	HUGO HUGO BOSS LABEL	771889	registered
Korea North	HUGO HUGO BOSS LABEL	604811	registered
Albania	HUGO HUGO BOSS LABEL	604811	registered
Belarus	HUGO HUGO BOSS LABEL	771889	registered
Liberia	HUGO HUGO BOSS LABEL	771889	registered
Singapore	HUGO HUGO BOSS LABEL	771889	registered
Benelux	HUGO HUGO BOSS LABEL	771889	registered

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Country	Trademark	Trademark No.	Status
Morocco	HUGO HUGO BOSS LABEL	604811	registered
Hungary	HUGO HUGO BOSS LABEL	771889	registered
Switzerland	HUGO HUGO BOSS LABEL	604811	registered
Hungary	HUGO HUGO BOSS LABEL	604811	registered
Czech Republic	HUGO HUGO BOSS LABEL	604811	registered
Canada	HUGO HUGO BOSS LABEL	495668	registered
Sweden	HUGO HUGO BOSS LABEL	771889	registered
Bulgaria	HUGO HUGO BOSS LABEL	771889	registered
Bosnia-Herzegovina	HUGO HUGO BOSS LABEL	771889	registered
San Marino	HUGO HUGO BOSS LABEL	771889	registered
Bulgaria	HUGO HUGO BOSS LABEL	604811	registered
Uzbekistan	HUGO HUGO BOSS LABEL	771889	registered
Spain	HUGO HUGO BOSS LABEL	771889	registered
Chad	HUGO HUGO BOSS LABEL	32911	registered
France	HUGO HUGO BOSS LABEL	771889	registered
Uzbekistan	HUGO HUGO BOSS LABEL	604811	registered
Swaziland	HUGO HUGO BOSS LABEL	771889	registered
Andorra	HUGO HUGO BOSS LABEL	8868	registered
China	HUGO HUGO BOSS LABEL	604811	registered
Turkey	HUGO HUGO BOSS LABEL	145393	registered
Central African Republic	HUGO HUGO BOSS LABEL	32911	registered
Ukraine	HUGO HUGO BOSS LABEL	771889	registered
Georgia	HUGO HUGO BOSS LABEL	771889	registered
Tadzhikistan	HUGO HUGO BOSS LABEL	771889	registered
Congo	HUGO HUGO BOSS LABEL	32911	registered
Norway	HUGO HUGO BOSS LABEL	166037	registered
Liechtenstein	HUGO HUGO BOSS LABEL	771889	registered
Cameroon	HUGO HUGO BOSS LABEL	32911	registered
Rumania	HUGO HUGO BOSS LABEL	604811	registered
Monaco	HUGO HUGO BOSS LABEL	604811	registered
Latvia	HUGO HUGO BOSS LABEL	771889	registered
Norway	HUGO HUGO BOSS LABEL	771889	registered
Egypt	HUGO HUGO BOSS LABEL	604811	registered
Czech Republic	HUGO HUGO BOSS LABEL	771889	registered
USA	HUGO HUGO BOSS LABEL	1,865,732	registered
Australia	HUGO HUGO BOSS LABEL	771889	registered
Guinea-Bissau	HUGO HUGO BOSS LABEL	32911	registered
Antigua and Barbuda	HUGO HUGO BOSS LABEL	771889	registered
Slovakia	HUGO HUGO BOSS LABEL	771889	registered
Kazakhstan	HUGO HUGO BOSS LABEL	771889	registered
China	HUGO HUGO BOSS LABEL	771889	registered
Egypt	HUGO HUGO BOSS LABEL	771889	registered
Greece	HUGO HUGO BOSS LABEL	771889	registered
Mauretania	HUGO HUGO BOSS LABEL	32911	registered
Hong Kong	HUGO HUGO BOSS LABEL	06100/2003	registered
Togo	HUGO HUGO BOSS LABEL	32911	registered
Denmark	HUGO HUGO BOSS LABEL	771889	registered

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Country	Trademark	Trademark No.	Status
Cuba	HUGO HUGO BOSS LABEL	604811	registered
Sudan	HUGO HUGO BOSS LABEL	604811	registered
Morocco	HUGO HUGO BOSS LABEL	771889	registered
San Marino	HUGO HUGO BOSS LABEL	604811	registered
Ivory Coast	HUGO HUGO BOSS LABEL	32911	registered
Chile	HUGO HUGO BOSS LABEL	689450	registered
Italy	HUGO HUGO BOSS LABEL	771889	registered
Cuba	HUGO HUGO BOSS LABEL	771889	registered
Vietnam	HUGO HUGO BOSS LABEL	771889	registered
Slovakia	HUGO HUGO BOSS LABEL	604811	registered
Estonia	HUGO HUGO BOSS LABEL	771889	registered
Poland	HUGO HUGO BOSS LABEL	771889	registered
Albania	HUGO HUGO BOSS LABEL	771889	registered
Armenia	HUGO HUGO BOSS LABEL	771889	registered
Germany	HUGO HUGO BOSS LABEL	2037591	registered
Lithuania	HUGO HUGO BOSS LABEL	771889	registered
Yugoslavia	HUGO HUGO BOSS LABEL	771889	registered
Lesotho	HUGO HUGO BOSS LABEL	771889	registered
Switzerland	HUGO HUGO BOSS LABEL	771889	registered
Austria	HUGO HUGO BOSS LABEL	771889	registered
Portugal	HUGO HUGO BOSS LABEL	771889	registered
Portugal	HUGO HUGO BOSS LABEL	604811	registered
Moldavia	HUGO HUGO BOSS LABEL	771889	registered
Turkmenistan	HUGO HUGO BOSS LABEL	771889	registered
Benelux	HUGO HUGO BOSS LABEL	604811	registered
Sweden	HUGO HUGO BOSS LABEL	319460	registered
Mozambique	HUGO HUGO BOSS LABEL	771889	registered
Monaco	HUGO HUGO BOSS LABEL	771889	registered
Austria	HUGO HUGO BOSS LABEL	604811	registered
Mali	HUGO HUGO BOSS LABEL	32911	registered
Kenya	HUGO HUGO BOSS LABEL	771889	registered
Ukraine	HUGO HUGO BOSS LABEL	604811	registered
Poland	HUGO HUGO BOSS LABEL	604811	registered
Azerbaijan	HUGO HUGO BOSS LABEL	771889	registered
Senegal	HUGO HUGO BOSS LABEL	32911	registered
Liechtenstein	HUGO HUGO BOSS LABEL	604811	registered
Burkina Faso	HUGO HUGO BOSS LABEL	32911	registered
Macedonia	HUGO HUGO BOSS LABEL	771889	registered
Finland	HUGO HUGO BOSS LABEL	771889	registered
Mongolia	HUGO HUGO BOSS LABEL	604811	registered
Iceland	HUGO HUGO BOSS LABEL	771889	registered
Finland	HUGO HUGO BOSS LABEL	134723	registered
Slovenia	HUGO HUGO BOSS LABEL	771889	registered
Croatia	HUGO HUGO BOSS LABEL	771889	registered
Niger	HUGO HUGO BOSS LABEL	32911	registered
France	HUGO HUGO BOSS LABEL	604811	registered
Turkey	HUGO HUGO BOSS LABEL	771889	registered
Bhutan	HUGO HUGO BOSS LABEL	771889	registered

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Country	Trademark	Trademark No.	Status
Gabon	HUGO HUGO BOSS LABEL	32911	registered
Japan	HUGO HUGO BOSS LABEL	771889	registered
Croatia	HUGO HUGO BOSS LABEL	604811	registered
Taiwan	HUGO HUGO BOSS LABEL	1037502	registered
Russia	HUGO HUGO BOSS LABEL	771889	registered
Kyrgystan	HUGO HUGO BOSS LABEL	771889	registered
Great Britain	HUGO HUGO BOSS LABEL	771889	registered
Thailand	HUGO HUGO BOSS LABEL	174346	registered
Yugoslavia	HUGO HUGO BOSS LABEL	604811	registered
Spain	HUGO HUGO BOSS LABEL	604811	registered
Algeria	HUGO HUGO BOSS LABEL	771889	registered
Sierra Leone	HUGO HUGO BOSS LABEL	771889	registered
Algeria	HUGO HUGO BOSS LABEL	604811	registered
Kazakhstan	HUGO HUGO BOSS LABEL	604811	registered
Belarus	HUGO HUGO BOSS LABEL	604811	registered
Slovenia	HUGO HUGO BOSS LABEL	604811	registered
Italy	HUGO HUGO BOSS LABEL	604811	registered
Mongolia	HUGO HUGO BOSS LABEL	771889	registered
Vietnam	HUGO HUGO BOSS LABEL	604811	registered
Malta	HUGO HUGO BOSS LABEL	37407	registered
Benin	HUGO HUGO BOSS LABEL	32911	registered
Equatorial Guinea	HUGO HUGO BOSS LABEL	32911	registered
Guinea	HUGO HUGO BOSS LABEL	32911	registered
Italy	HUGO HUGO BOSS LABEL black/red	720624	registered
Liberia	HUGO HUGO BOSS LABEL black/red	720624	registered
Sweden	HUGO HUGO BOSS LABEL black/red	720624	registered
Albania	HUGO HUGO BOSS LABEL black/red	720624	registered
Belarus	HUGO HUGO BOSS LABEL black/red	720624	registered
Macedonia	HUGO HUGO BOSS LABEL black/red	720624	registered
Algeria	HUGO HUGO BOSS LABEL black/red	720624	registered
Morocco	HUGO HUGO BOSS LABEL black/red	720624	registered
Liechtenstein	HUGO HUGO BOSS LABEL black/red	720624	registered
Azerbaijan	HUGO HUGO BOSS LABEL black/red	720624	registered
France	HUGO HUGO BOSS LABEL black/red	720624	registered
Benelux	HUGO HUGO BOSS LABEL black/red	720624	registered
Kyrgystan	HUGO HUGO BOSS LABEL black/red	720624	registered
Yugoslavia	HUGO HUGO BOSS LABEL black/red	720624	registered
Hungary	HUGO HUGO BOSS LABEL black/red	720624	registered
Slovakia	HUGO HUGO BOSS LABEL black/red	720624	registered
Tadzhikistan	HUGO HUGO BOSS LABEL black/red	720624	registered
Norway	HUGO HUGO BOSS LABEL black/red	720624	registered
Russia	HUGO HUGO BOSS LABEL black/red	720624	registered
Great Britain	HUGO HUGO BOSS LABEL black/red	720624	registered
San Marino	HUGO HUGO BOSS LABEL black/red	720624	registered
Moldavia	HUGO HUGO BOSS LABEL black/red	720624	registered
Estonia	HUGO HUGO BOSS LABEL black/red	720624	registered
Egypt	HUGO HUGO BOSS LABEL black/red	720624	registered
Uzbekistan	HUGO HUGO BOSS LABEL black/red	720624	registered

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Monaco	HUGO HUGO BOSS LABEL black/red	720624	registered
Mongolia	HUGO HUGO BOSS LABEL black/red	720624	registered
Armenia	HUGO HUGO BOSS LABEL black/red	720624	registered
Finland	HUGO HUGO BOSS LABEL black/red	720624	registered
Austria	HUGO HUGO BOSS LABEL black/red	720624	registered
Cuba	HUGO HUGO BOSS LABEL black/red	720624	registered
Latvia	HUGO HUGO BOSS LABEL black/red	720624	registered
Bulgaria	HUGO HUGO BOSS LABEL black/red	720624	registered
Germany	HUGO HUGO BOSS LABEL black/red	39870759	registered
Sudan	HUGO HUGO BOSS LABEL black/red	720624	registered
Croatia	HUGO HUGO BOSS LABEL black/red	720624	registered
Poland	HUGO HUGO BOSS LABEL black/red	720624	registered
Switzerland	HUGO HUGO BOSS LABEL black/red	720624	registered
Iceland	HUGO HUGO BOSS LABEL black/red	720624	registered
Vietnam	HUGO HUGO BOSS LABEL black/red	720624	registered
Korea North	HUGO HUGO BOSS LABEL black/red	720624	registered
Portugal	HUGO HUGO BOSS LABEL black/red	720624	registered
Czech Republic	HUGO HUGO BOSS LABEL black/red	720624	registered
China	HUGO HUGO BOSS LABEL black/red	720624	registered
Ukraine	HUGO HUGO BOSS LABEL black/red	720624	registered
Kazakhstan	HUGO HUGO BOSS LABEL black/red	720624	registered
Georgia	HUGO HUGO BOSS LABEL black/red	720624	registered
Slovenia	HUGO HUGO BOSS LABEL black/red	720624	registered
Spain	HUGO HUGO BOSS LABEL black/red	720624	registered
Bosnia-Herzegovina	HUGO HUGO BOSS LABEL black/red	720624	registered
Rumania	HUGO HUGO BOSS LABEL black/red	720624	registered
Denmark	HUGO HUGO BOSS LABEL black/red	720624	registered
Greece	HUGO HUGO BOSS LABEL black/red	140794	registered
Tadzhikistan	HUGO LABEL black/red	720615	registered
Yugoslavia	HUGO LABEL black/red	720615	registered
Bosnia-Herzegovina	HUGO LABEL black/red	720615	registered
Benelux	HUGO LABEL black/red	720615	registered
Mongolia	HUGO LABEL black/red	720615	registered
Austria	HUGO LABEL black/red	720615	registered
Sweden	HUGO LABEL black/red	720615	registered
Moldavia	HUGO LABEL black/red	720615	registered
Denmark	HUGO LABEL black/red	720615	registered
Morocco	HUGO LABEL black/red	720615	registered
Slovakia	HUGO LABEL black/red	720615	registered
France	HUGO LABEL black/red	720615	registered
Liechtenstein	HUGO LABEL black/red	720615	registered
Poland	HUGO LABEL black/red	720615	registered
Korea North	HUGO LABEL black/red	720615	registered
Albania	HUGO LABEL black/red	720615	registered
Switzerland	HUGO LABEL black/red	720615	registered
Kazakhstan	HUGO LABEL black/red	720615	registered
Ukraine	HUGO LABEL black/red	720615	registered
Great Britain	HUGO LABEL black/red	720615	registered

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Algeria	HUGO LABEL black/red	720615	registered
Norway	HUGO LABEL black/red	720615	registered
Azerbaijan	HUGO LABEL black/red	720615	registered
Romania	HUGO LABEL black/red	720615	registered
San Marino	HUGO LABEL black/red	720615	registered
Cuba	HUGO LABEL black/red	720615	registered
Monaco	HUGO LABEL black/red	720615	registered
Georgia	HUGO LABEL black/red	720615	registered
Bulgaria	HUGO LABEL black/red	720615	registered
Kyrgyzstan	HUGO LABEL black/red	720615	registered
Armenia	HUGO LABEL black/red	720615	registered
Egypt	HUGO LABEL black/red	720615	registered
Vietnam	HUGO LABEL black/red	720615	registered
China	HUGO LABEL black/red	720615	registered
Latvia	HUGO LABEL black/red	720615	registered
Italy	HUGO LABEL black/red	720615	registered
Macedonia	HUGO LABEL black/red	720615	registered
Russia	HUGO LABEL black/red	720615	registered
Czech Republic	HUGO LABEL black/red	720615	registered
Finland	HUGO LABEL black/red	720615	registered
Hungary	HUGO LABEL black/red	720615	registered
Germany	HUGO LABEL black/red	39870758	registered
Liberia	HUGO LABEL black/red	720615	registered
Iceland	HUGO LABEL black/red	720615	registered
Belarus	HUGO LABEL black/red	720615	registered
Portugal	HUGO LABEL black/red	720615	registered
Uzbekistan	HUGO LABEL black/red	720615	registered
Slovenia	HUGO LABEL black/red	720615	registered
Sudan	HUGO LABEL black/red	720615	registered
Estonia	HUGO LABEL black/red	720615	registered
Croatia	HUGO LABEL black/red	720615	registered
Spain	HUGO LABEL black/red	720615	registered
Canada	HUGO LABEL black/red	548122	registered
Sweden	BOSS	000049221	applied for
Portugal	BOSS	000049221	applied for
Greece	BOSS	000049221	applied for
France	BOSS	000049221	applied for
Finland	BOSS	000049221	applied for
India	BOSS	944967	applied for
Pakistan	BOSS	166062	applied for
Denmark	BOSS	000049221	applied for
Ireland	BOSS	000049221	applied for
USA	BOSS	323,654	applied for
Great Britain	BOSS	000049221	applied for
Belgium	BOSS	000049221	applied for
Trinidad and Tobago	BOSS	31245	applied for
Slovenia	BOSS	Z-200270103	applied for

Registrations and Applications
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International Class 14

Country	Trademark	Trademark No.	Status
Spain	BOSS	000049221	applied for
Netherlands	BOSS	000049221	applied for
Austria	BOSS	000049221	applied for
Germany	BOSS	000049221	applied for
Luxembourg	BOSS	000049221	applied for
Italy	BOSS	000049221	applied for
Indonesia	BOSS	2003-8204-2344	applied for
Tunisia	BOSS	EE03.1471	applied for
Iraq	BOSS	45089	applied for
Indonesia	BOSS HUGO BOSS	D98-14717	applied for
India	BOSS HUGO BOSS	942292	applied for
Netherlands	BOSS HUGO BOSS LABEL	000049262	applied for
France	BOSS HUGO BOSS LABEL	000049262	applied for
Italy	BOSS HUGO BOSS LABEL	000049262	applied for
Belgium	BOSS HUGO BOSS LABEL	000049262	applied for
Oman	BOSS HUGO BOSS LABEL	23787	applied for
Portugal	BOSS HUGO BOSS LABEL	000049262	applied for
Great Britain	BOSS HUGO BOSS LABEL	000049262	applied for
Germany	BOSS HUGO BOSS LABEL	000049262	applied for
Luxembourg	BOSS HUGO BOSS LABEL	000049262	applied for
China	BOSS HUGO BOSS LABEL	9700113822	applied for
Sweden	BOSS HUGO BOSS LABEL	000049262	applied for
Greece	BOSS HUGO BOSS LABEL	000049262	applied for
Indonesia	BOSS HUGO BOSS LABEL	D98-14718	applied for
Malaysia	BOSS HUGO BOSS LABEL	93/09121	applied for
Pakistan	BOSS HUGO BOSS LABEL	166059	applied for
Denmark	BOSS HUGO BOSS LABEL	000049262	applied for
Namibia	BOSS HUGO BOSS LABEL	02/0661	applied for
Finland	BOSS HUGO BOSS LABEL	000049262	applied for
Qatar	BOSS HUGO BOSS LABEL	not known yet	applied for
Austria	BOSS HUGO BOSS LABEL	000049262	applied for
Kenya	BOSS HUGO BOSS LABEL	51091	applied for
Estonia	BOSS HUGO BOSS LABEL	M200001857	applied for
Ireland	BOSS HUGO BOSS LABEL	000049262	applied for
Spain	BOSS HUGO BOSS LABEL	000049262	applied for
Hong Kong	BOSS HUGO BOSS LABEL	17951/2002	applied for
Tunisia	BOSS HUGO BOSS LABEL	EE03.1469	applied for
Iraq	BOSS HUGO BOSS LABEL	44192	applied for
Brazil	BOSS HUGO BOSS white/black	824840100	applied for
Canada	BOSS HUGO BOSS white/black	1148025	applied for
USA	BOSS HUGO BOSS white/black	435, 640	applied for
Finland	HUGO HUGO BOSS	000049288	applied for
Italy	HUGO HUGO BOSS	000049288	applied for
Portugal	HUGO HUGO BOSS	000049288	applied for
Ireland	HUGO HUGO BOSS	000049288	applied for
Germany	HUGO HUGO BOSS	000049288	applied for
Netherlands	HUGO HUGO BOSS	000049288	applied for
Great Britain	HUGO HUGO BOSS	000049288	applied for

Registrations and Applications
- Exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Spain	HUGO HUGO BOSS	000049288	applied for
Denmark	HUGO HUGO BOSS	000049288	applied for
France	HUGO HUGO BOSS	000049288	applied for
Belgium	HUGO HUGO BOSS	000049288	applied for
Luxembourg	HUGO HUGO BOSS	000049288	applied for
Greece	HUGO HUGO BOSS	000049288	applied for
Sweden	HUGO HUGO BOSS	000049288	applied for
Austria	HUGO HUGO BOSS	000049288	applied for
China	HUGO HUGO BOSS LABEL	9700113816	applied for
Cyprus Greek	HUGO HUGO BOSS LABEL	not known yet	applied for
Japan	HUGO HUGO BOSS LABEL	2002-97276	applied for

Registrations and Applications
- Non-exklusive -
International Class 14

Country	Trademark	Trademark No.	Status
Georgia	HUGO BOSS	831	registered
Czech Republic	HUGO BOSS	482758	registered
Turkey	HUGO BOSS	99522	registered
Korea North	HUGO BOSS	513257	registered
Ireland	HUGO BOSS	132377	registered
Switzerland	HUGO BOSS	482758	registered
Moldavia	HUGO BOSS	482758	registered
Poland	HUGO BOSS	66418	registered
Italy	HUGO BOSS	513257	registered
Kyrgystan	HUGO BOSS	482758	registered
Tadzhikistan	HUGO BOSS	513257	registered
Liechtenstein	HUGO BOSS	513257	registered
Canada	HUGO BOSS	455614	registered
Uzbekistan	HUGO BOSS	513257	registered
Egypt	HUGO BOSS	513257	registered
Great Britain	HUGO BOSS	1298755	registered
Kazakhstan	HUGO BOSS	513257	registered
Monaco	HUGO BOSS	513257	registered
Liechtenstein	HUGO BOSS	482758	registered
Belarus	HUGO BOSS	482758	registered
Tadzhikistan	HUGO BOSS	482758	registered
Monaco	HUGO BOSS	482758	registered
Austria	HUGO BOSS	482758	registered
Kyrgystan	HUGO BOSS	513257	registered
Spain	HUGO BOSS	482758	registered
Portugal	HUGO BOSS	513257	registered
Denmark	HUGO BOSS	02.905/1990	registered
France	HUGO BOSS	482758	registered
Morocco	HUGO BOSS	513257	registered
Denmark	HUGO BOSS	03.428/1991	registered
Armenia	HUGO BOSS	482758	registered
Vietnam	HUGO BOSS	513257	registered
Australia	HUGO BOSS	A461881	registered
Finland	HUGO BOSS	125853	registered
Hungary	HUGO BOSS	513257	registered
Norway	HUGO BOSS	136013	registered
Ukraine	HUGO BOSS	513257	registered
Switzerland	HUGO BOSS	513257	registered
Chile	HUGO BOSS	514563	registered

Registrations and Applications
- Non-exklusive -
International Class 14

Country	Trademark	Trademark No.	Status
Singapore	HUGO BOSS	5007/87	registered
Israel	HUGO BOSS	68296	registered
Latvia	HUGO BOSS	M16782	registered
Belarus	HUGO BOSS	513257	registered
Czech Republic	HUGO BOSS	513257	registered
USA	HUGO BOSS	513257	registered
Morocco	HUGO BOSS	482758	registered
Slovakia	HUGO BOSS	513257	registered
Kuwait	HUGO BOSS	19657	registered
Tunisia	HUGO BOSS	513257	registered
Kazakhstan	HUGO BOSS	482758	registered
Macedonia	HUGO BOSS	513257	registered
Myanmar	HUGO BOSS	4/1183/1998	registered
Croatia	HUGO BOSS	482758	registered
Japan	HUGO BOSS	2227521	registered
Uruguay	HUGO BOSS	351755	registered
Sudan	HUGO BOSS	513257	registered
South Africa	HUGO BOSS	87/3236	registered
Australia	HUGO BOSS	647111	registered
Algeria	HUGO BOSS	513257	registered
Croatia	HUGO BOSS	513257	registered
Yugoslavia	HUGO BOSS	513257	registered
Japan	HUGO BOSS	2242045	registered
Slovakia	HUGO BOSS	482758	registered
Spain	HUGO BOSS	513257	registered
Uzbekistan	HUGO BOSS	482758	registered
Hong Kong	HUGO BOSS	13601/1999	registered
Hungary	HUGO BOSS	482758	registered
Rumania	HUGO BOSS	513257	registered
Slovenia	HUGO BOSS	482758	registered
Rumania	HUGO BOSS	482758	registered
Germany	HUGO BOSS	1103572	registered
Algeria	HUGO BOSS	482758	registered
San Marino	HUGO BOSS	513257	registered
Andorra	HUGO BOSS	8870	registered
Bosnia-Herzegovina	HUGO BOSS	513257	registered
San Marino	HUGO BOSS	482758	registered
France	HUGO BOSS	1414944	registered
Portugal	HUGO BOSS	482758	registered

Registrations and Applications
- Non-exclusive -
International Class 14

Country	Trademark	Trademark No.	Status
Germany	HUGO BOSS	1056562	registered
Lithuania	HUGO BOSS	8429	registered
Yugoslavia	HUGO BOSS	482758	registered
France	HUGO BOSS	513257	registered
Italy	HUGO BOSS	482758	registered
Vietnam	HUGO BOSS	482758	registered
Taiwan	HUGO BOSS	419767	registered
Ukraine	HUGO BOSS	482758	registered
Benelux	HUGO BOSS	482758	registered
Egypt	HUGO BOSS	482758	registered
Greece	HUGO BOSS	88319	registered
Canada	HUGO BOSS	525362	registered
New Zealand	HUGO BOSS	170002	registered
Moldavia	HUGO BOSS	513257	registered
Benelux	HUGO BOSS	513257	registered
Slovenia	HUGO BOSS	513257	registered
Russia	HUGO BOSS	482758	registered
Korea North	HUGO BOSS	482758	registered
Austria	HUGO BOSS	513257	registered
Russia	HUGO BOSS	238854	registered
Albania	HUGO BOSS	513257	registered
Greece	HUGO BOSS (Greek)	106591	registered
Japan	HUGO BOSS (Japanese)	2434207	registered
Germany	HUGO BOSS (Cyrillic)	39745540	registered
Russia	HUGO BOSS (Cyrillic)	688698	registered
Azerbaijan	HUGO BOSS (Cyrillic)	688698	registered
Kazakhstan	HUGO BOSS (Cyrillic)	688698	registered
Ukraine	HUGO BOSS (Cyrillic)	688698	registered
Latvia	HUGO BOSS (Cyrillic)	688698	registered
Slovenia	HUGO BOSS (Cyrillic)	688698	registered
Romania	HUGO BOSS (Cyrillic)	688698	registered
Belarus	HUGO BOSS (Cyrillic)	688698	registered
Bulgaria	HUGO BOSS (Cyrillic)	688698	registered
Moldavia	HUGO BOSS (Cyrillic)	688698	registered
Kyrgyzstan	HUGO BOSS (Cyrillic)	688698	registered
Yugoslavia	HUGO BOSS (Cyrillic)	688698	registered
Uzbekistan	HUGO BOSS (Cyrillic)	688698	registered
Poland	HUGO BOSS (Cyrillic)	688698	registered

Registrations and Applications
- Non-exklusive -
International Class 14

Country	Trademark	Trademark No.	Status
Portugal	HUGO BOSS	000049254	applied for
Spain	HUGO BOSS	000049254	applied for
Austria	HUGO BOSS	000049254	applied for
France	HUGO BOSS	000049254	applied for
Great Britain	HUGO BOSS	000049254	applied for
Sweden	HUGO BOSS	000049254	applied for
Denmark	HUGO BOSS	000049254	applied for
Netherlands	HUGO BOSS	000049254	applied for
Ireland	HUGO BOSS	000049254	applied for
Finland	HUGO BOSS	000049254	applied for
Italy	HUGO BOSS	000049254	applied for
Belgium	HUGO BOSS	000049254	applied for
Thailand	HUGO BOSS	487500	applied for
Luxembourg	HUGO BOSS	000049254	applied for
Germany	HUGO BOSS	000049254	applied for
Greece	HUGO BOSS	000049254	applied for
Tunisia	HUGO BOSS	EE03.1470	applied for

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Appendix 3

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General Acceptance Requirements
&
Confidentiality Agreement

MGI Engineering

December 2004

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CONTACTS

SWITZERLAND
MGI LUXURY GROUP S.A.
Engineering
Heinz Steiger
Rue de Nidau 35
CH-2501 Bienne, Switzerland
Tel 41 32/ 329 34 00 / Direct 41 32/ 329 35 10
Email: hsteiger@movado.ch

FAR EAST
Swissam Products Ltd.
Engineering
Raymond Chung
1406 World Finance Centre
North Tower, Harbour City
Tsimshatsui, Kowloon
Hong Kong
Tel (852) 2736-0564 / Direct
E-mail: rchung@movadogroup.com

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Languages: English

First Edition 2004

MGI Engineering
2004

December

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2004

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INTRODUCTION

The purpose of this GAR (General Acceptance Requirements) is to maximize engineering responsibilities and activities with suppliers. This GAR will help to encourage and maintain a mutual understanding between Movado Group and suppliers.

GAR and specifications serve as a guideline and will be updated regularly in order to give the greatest input for product requirements.

For new product development, Movado Group will, provide for the suppliers, additional product specifications if necessary.

To assure a good functioning of the engineering, rules and responsibilities as outlined in this GAR have to be respected by all parties involved.

An important factor is also Modularity. MG requests the supplier to use standardized components as outlined in this GAR. As a general rule, MG must approve deviations from those standards.

Suppliers are always requested to sign off on GAR updates, this to avoid misunderstandings.

CONFIDENTIALITY

This is a confidential document. Under no circumstances are copies to be made without the written approval of MGI.

The vendor must keep in confidence all designs and technical specifications of the product line. Under no circumstances is the vendor allowed to show dials and other materials made for MGI as samples to a third party.

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* CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC
PURSUANT TO RULE 24b-2 OF THE 1934 ACT.

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4 CONFIDENTIALITY AGREEMENT

THIS AGREEMENT made this _____ day of _____ 200 by and between _____, a corporation organized and existing under the laws of _____ having offices at _____ (hereafter called the << Corporation >>), and Movado Group, Inc., a corporation organized and existing under the laws of the State of New Jersey, having offices at 650 From Road, Paramus, N. J. 07652 (hereafter called MGI).

4.1 WITNESSETH

Whereas, the parties contemplate establishing a business relationship for the purpose of the Corporation manufacturing, producing, and supplying to MGI fully assembled watches and component parts therefore, bearing or to be sold by MGI or certain of its affiliates under the trademark Hugo Boss or such other trademarks owned by Hugo Boss Trademark Management GmbH & Co., which will make it necessary and desirable that MGI disclose to the Corporation confidential information, including all knowledge and data which is made available by MGI or developed in the course of the parties' business relationship, proprietary to the MGI (hereinafter called the "Information") concerning current, future or proposed watch designs, ideas, prints, sketches, samples, models, drawings, specifications, production quantities, costs, customers, know how and the like relating to such product or products or to MGI's business or potential interest;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties agree:

1. The Corporation, upon receiving the Information from MGI, shall not communicate such Information to any third party and shall use its best efforts and take all necessary precautions to prevent inadvertent disclosures of such Information to any third party.
2. The Corporation shall neither use the Information for its own account nor circulate it within its own organization except to the extent necessary for:
 - a) Negotiations, discussions and consultations with personnel or authorized representatives of MGI or the Corporation;
 - b) Supplying MGI with goods or services at its order;
 - c) Preparing bids, estimates and proposals for submission to MGI; and
 - d) Any purpose MGI may hereunder authorize in writing

The Corporation agrees that if the Information is circulated pursuant to the foregoing provisions (a) through (d), any person receiving the Information shall be directed and required by the Corporation to maintain the Information in confidence. The Corporation shall use its best efforts and take all necessary precautions to prevent inadvertent disclosure of the Information and shall not manufacture or permit any third party to manufacture any goods employing or adopted from any of such Information or the Trademarks.

3. The obligations of Paragraphs 1 and 2 hereof shall terminate with respect to any particular portion of the Information when the Corporation can document that it was in the public domain at the time of its disclosure.

- 4. All materials, including, without limitation, documents, drawings, models, apparatus, sketches, designs, and lists, furnished to the Corporation by or on behalf of MGI shall remain the property of, and shall be returned upon demand to, MGI together with all copies made thereof.
- 5. Because the Information revealed by MGI to the Corporation under this Agreement is unique and proprietary to MGI and MGI does not have an adequate remedy at law to protect its interests, the Corporation agrees that MGI shall be entitled to injunctive relief, in addition to such remedies and relief that would, in the event of a breach, be available to it.
- 6. This Agreement shall be construed in accordance with the laws of the State of New Jersey.
- 7. In the event this Agreement is also executed by one or more individuals as a guarantor or guarantors of the performance by the Corporation of its obligations hereunder, then each of such individual(s) ("Guarantor") hereby guaranties the performance by the Corporation of its obligations hereunder, such guaranty being an absolute and continuing guaranty of performance, and Guarantor shall be personally liable for any violation by the Corporation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

MOVADO GROUP, INC.

By : _____
 Name: _____
 Title: _____

CORPORATION

By: _____
 Name: _____
 Title: _____

GUARANTOR

By: _____
 Name: _____

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[MOVADO GROUP LOGO]

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ENGINEERING

Nidaustrasse 35 2501 Biel/Bienne Switzerland

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BUSINESS PLAN

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PURSUANT TO RULE 24b-2 OF THE 1934 ACT.

PRIOR PRODUCT STYLES

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PURSUANT TO RULE 24b-2 OF THE 1934 ACT.

Subsidiaries of the Registrant

Bermuda:
MGI International, Ltd.

California:
North American Watch Service Corporation

Canada:
Movado Group of Canada, Inc.

Delaware:
Movado International, Ltd.
Movado LLC
NAW Corporation
NAWC Corum Corporation
Movado Group Delaware Holdings Corporation

England:
MGI Luxury Group UK Limited

France:
Swisswave Europe

Germany:
Movado Watch Deutschland G.m.b.H.
Concord Deutschland G.m.b.H.
MGI Luxury Group GmbH

Hong Kong:
Swissam Ltd.
Swissam Products Ltd.

Japan:
MGI Japan Co., Ltd.

New Jersey:
EWC Marketing Corp.
Movado Retail Group, Inc

Singapore:
Swissam Pte. Ltd.

Switzerland:
MGI Luxury Group, S.A.
Concord Watch Company, S.A.
Movado Watch Company, S.A.
Montres Movado Bienne, S.A.
Ebel Watches S.A.
SA de l'immeuble de la Paix 101

CONSENT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File Nos. 333-80789, 333-13927 and 333-90004) of Movado Group, Inc. of our report dated April 18, 2005 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in the Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, NJ
April 18, 2005

CERTIFICATIONS

I, Efraim Grinberg, certify that:

- 1) I have reviewed this annual report on Form 10-K 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)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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: April 18, 2005

/s/ Efraim Grinberg

Efraim Grinberg
President and Chief Executive Officer

CERTIFICATIONS

I, Eugene J. Karpovich, certify that:

- 1) I have reviewed this annual report on Form 10-K 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)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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: April 18, 2005

/s/ Eugene J. Karpovich

 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 annual report on Form 10-K of Movado Group, Inc. (the "Company") for the year ended January 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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: April 18, 2005

/s/ Efraim Grinberg

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 annual report on Form 10-K of Movado Group, Inc.(the "Company) for the year ended January 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report) the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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: April 18, 2005

/s/Eugene J. Karpovich

Eugene J. Karpovich
Senior Vice President
and Chief Financial
Officer