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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
EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED JANUARY 31, 1998,

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 0-22378

MOVADO GROUP, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<p>NEW YORK (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) 125 CHUBB AVENUE LYNDHURST, NEW JERSEY (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)</p>	<p>13-2595932 (I.R.S. EMPLOYER IDENTIFICATION NO.) 07071 (ZIP CODE)</p>
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REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (201) 460-4800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

NAME OF EACH EXCHANGE ON WHICH REGISTERED:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT;
COMMON STOCK, \$.01 PAR VALUE
(TITLE OF CLASS)

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.

Based on the closing sales price of the Common Stock as of April 16, 1998, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$262,713,612. 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 April 16, 1998 were 9,335,904 and 3,555,486, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to Registrant's 1998 annual meeting of shareholders (the "Proxy Statement") are incorporated by reference in Part III hereof.

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PART I

ITEM 1. BUSINESS

CORPORATE ORGANIZATION

The registrant, Movado Group, Inc., is a designer, manufacturer and distributor of quality watches with prominent brands sold in almost every price category comprising the watch industry. It was incorporated in New York in 1967 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 registrant and its subsidiaries are referred to herein as "Movado Group, Inc.," or the "Company" unless the context otherwise requires.

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 and substantially all the assets related to the Movado watch brand from the Swiss manufacturer of Movado watches.

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"). In connection with the public offering, each share of old Class A Common Stock was reclassified into 10.46 shares of Class A Common Stock, par value \$.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 shares 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 share 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 Common Stock is quoted on the NASDAQ National Market under the trading symbol "MOVA".

On October 21, 1997, the Company completed a secondary stock offering in which 1,500,000 shares of Common Stock were issued.

With executive offices in Lyndhurst, New Jersey, the Company operates wholly-owned subsidiaries in Canada, Hong Kong, Japan, Singapore, Switzerland and the United States.

INDUSTRY OVERVIEW

The largest markets for watches are North America, Western Europe and the Far East. While exact worldwide wholesale sales volumes are difficult to quantify, the Company estimates from data obtained from the Federation of the Swiss Watch Industry that worldwide wholesale sales of finished watches were over \$13 billion in 1996. Watches are produced predominantly in Switzerland, Hong Kong and Japan. According to the Federation of the Swiss Watch Industry, Switzerland, Hong Kong and Japan accounted for approximately 68%, 17% and 5%, respectively, of worldwide finished watch exports based on value. Among all the major watch exporting countries, Swiss watches have the highest average unit value.

The Company divides the watch market into five 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	Piaget and Corum
Luxury.....	\$1,000 to \$9,999	Concord and Vizio
Premium Branded.....	\$500 to \$999	Movado and Coach
Moderate Branded.....	\$100 to \$499	ESQ and Coach
Mass Market.....	less than \$100	--

The Company competes in the Exclusive category as the exclusive distributor of Piaget and Corum watches in the United States, Canada, Central America and the Caribbean. The Company's Concord watches compete primarily in the Luxury category of the market, although certain Concord watches compete in the Exclusive and Premium Branded categories. The Company's Vizio watches compete in the Luxury category of the market. The Company's Movado watches compete primarily in the Premium Branded category of the market, although certain Movado watches compete in the Exclusive, Luxury and Moderate Branded categories. The Company's Coach brand, which will be introduced in April 1998, will compete in both the Premium Branded and Moderate Branded categories. The ESQ line competes in the Moderate Branded category of the market. The Company does not participate in the Mass Market 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 Piaget and Corum watches and certain Movado and Concord watches, well-known brand names of Exclusive watches include Audemars Piguet, Patek Philippe 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, Vizio and certain Movado watches, well-known brand names of Luxury watches include Baume & Mercier, Breitling, Cartier, Ebel, Omega, Rolex and TAG Heuer.

Premium Branded Watches

The majority of Premium Branded 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 Branded watches are manufactured primarily in Switzerland, although some are manufactured in the Far East. In addition to a majority of the Company's Movado watches, Coach watches and certain Concord watches, well-known brand names of Premium Branded watches include Gucci, Rado and Raymond Weil.

Moderate Branded Watches

Most Moderate Branded watches are quartz-analog watches. Moderate Branded watches are manufactured primarily in the Far East 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 and Coach brands, well-known brand names of watches in the Moderate Branded category include Anne Klein, Bulova, Gucci, Guess, Seiko and Wittnauer.

Mass Market Watches

Mass Market watches typically consist of digital and quartz-analog watches that are made with stainless steel, brass or plastic. 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 (LEDs) or liquid crystal displays (LCDs). Mass Market watches are manufactured primarily in the Far East. Movado Group, Inc. does not manufacture or distribute Mass Market watches. Well-known brands of Mass Market watches include Casio, Citizen, Fossil, Pulsar, Seiko, Swatch and Timex.

PRODUCTS

The Company currently markets six distinctive brands of watches: Movado, Concord, ESQ, Coach, Piaget and Corum, which compete in the Exclusive, Luxury, Premium Branded and Moderate Branded categories. The Company designs and manufactures Movado and Concord watches primarily in Switzerland, as well as in the United States, for sale throughout the world. ESQ watches are manufactured to the Company's specifications by independent contractors located in the Far East and are presently sold in the United States, Canada and the Caribbean. In the Spring of 1998, the Company will introduce Coach watches as a new brand under an exclusive worldwide license from Coach. Coach watches will be assembled in Switzerland by independent suppliers. In addition, Movado Group, Inc. is the exclusive distributor of Swiss-manufactured Piaget and Corum watches in the United States, Canada, Central America and the Caribbean. Piaget and Corum watches are manufactured in Switzerland by Piaget Swiss and Corum Swiss, respectively.

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 10 other museums throughout the world. All Movado watches 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 approximately \$195 and \$4,000.

Concord

Concord was founded in 1908 in Bienne, Switzerland. Concord watches employ both quartz and mechanical movements. Concord watches are made with 18 karat gold, stainless steel or a combination of 18 karat gold and stainless steel, except for Concord Royal Gold watches, most of which are made with 14 karat gold. The majority of Concord watches have suggested retail prices between approximately \$1,000 and \$15,000.

ESQ

ESQ was launched in the second half of fiscal 1993. 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 suggested retail prices from approximately \$125 to \$495 with features and styles comparable to more expensive watches.

Piaget

Piaget watches are manufactured by S.A. Ancienne Fabrique Georges Piaget et Cie ("Piaget Swiss") in La Cotes-aux-Fees, Switzerland. The Company believes that Piaget watches are among the most expensive watches in the world. All Piaget watches are made of 18 karat gold or platinum. Most Piaget watches are set with diamonds or other precious stones. In addition, the Company distributes certain Piaget limited edition high jewelry watches, typically made of 18 karat gold and set with precious gems, including diamonds, emeralds, rubies and sapphires. The majority of Piaget watches have suggested retail prices between approximately \$4,000 and \$50,000.

Corum

Corum watches are manufactured by Corum Ries, Bannwart et Cie ("Corum Swiss"). Corum Swiss is a family owned company founded in 1955 in La Chaux-de-Fonds, Switzerland. Corum's watch designs are typically unique and distinctive. Corum's most recognized watches are the Gold Coin and Admiral's Cup. The majority of Corum watches have suggested retail prices between approximately \$3,000 and \$30,000.

Other Products and Services

During fiscal 1998, sales of other products and services totaled approximately \$26.2 million, or approximately 11.0% of net sales. These sales include revenues from the Company's service and watch repair operations, which historically have represented a source of consistent revenues with profit margins comparable to those generated from sales of the Company's watches. Other products and services include sales derived from the Company's 19 retail stores.

WARRANTY AND REPAIR

The Company has service facilities around the world in 10 Company-owned service facilities and approximately 135 authorized independent service centers. 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 one to three years from the date of purchase for movements and up to five years for 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.

ADVERTISING

Advertising is important to the successful marketing of the Company's watches. Movado Group, Inc. has maintained its own in-house advertising department since 1972 and devotes significant resources to advertising. Advertising expenditures totaled approximately 20.9%, 18.0% and 17.8% of net sales in fiscal 1998, 1997 and 1996, respectively. Advertising is developed individually for each of the Company's watch brands and is directed primarily to the ultimate consumer rather than to trade customers. The Company develops advertising for each of its brands by targeting consumers with particular demographic characteristics appropriate to the image and price range of the brand. Advertisements are placed predominately in magazines and other print media, but are also created for television campaigns, catalogues and promotional materials.

SALES AND DISTRIBUTION

Overview

The Company sells Movado and Concord watches throughout the world. ESQ watches are presently sold in North America and the Caribbean. The Company is the exclusive distributor for Piaget and Corum watches in the United States, Canada, Central America and the Caribbean. All five brands are sold to trade customers by the Company's sales personnel, who typically specialize in one particular brand. The Company also sells Movado and Concord watches outside the United States, Canada, Central America and the Caribbean through independent international distributors. In fiscal 1998, one trade customer accounted for 12% of the Company's net sales. In addition to its sales to trade customers and independent distributors, a portion of the Company's net sales are made directly to consumers in the United States through the Company's 19 retail stores.

The Company divides its business into two major geographic markets: the "domestic" market, which includes the Company's United States and Canadian operations, and the "international" market, which includes the balance of the Company's operations.

Domestic

Movado Group, Inc. operates in the United States through its North American Watch Company division and in Canada through a Canadian subsidiary. The Company sells its products in the domestic market primarily through department stores, such as Macy's, Neiman-Marcus and Saks Fifth Avenue, jewelry store chains, such as Zales, Helzberg and Sterling, and independent jewelers. Movado, Concord and ESQ watches are sold through each of these retail channels and Piaget and Corum watches are sold primarily to independent jewelers. Sales to trade customers in the United States and Canada are made directly by the Company's sales

force of approximately 100 employees. A majority of the sales force is compensated solely on the basis of commissions, which are determined as a percentage of sales.

International

The Company sells Movado and Concord watches internationally through its own sales force of approximately 11 employees operating from the Company's sales and distribution offices in Hong Kong, Singapore, and Switzerland, and also through a network of approximately 63 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.

Retail Distribution

In addition to its sales to trade customers and independent distributors, Movado Group, Inc. sells Movado watches directly to consumers in its Company-operated Movado store on Fifth Avenue in New York City. In April 1998, the Company will open two Movado boutiques which will sell Movado jewelry, table accessories and other line extensions as well as watches. The Company also sells Piaget watches and jewelry directly to consumers in its Company-operated Piaget boutique on Fifth Avenue in New York City. The Company also operates 17 outlet stores located in Cabazon, St. Helena and Solvang, California; Destin and St. Augustine, Florida; Dawsonville, Georgia; Tuscola, Illinois; Michigan City, Indiana; Kittery, Maine; Lee, Massachusetts; Lancaster and Tannersville, Pennsylvania; Hilton Head and Myrtle Beach, South Carolina; San Marcos, Texas; Manchester, Vermont; and Williamsburg, Virginia. These outlet stores sell discontinued and sample merchandise and factory seconds, providing the Company with an organized and efficient method of reducing its inventory without competing directly with trade customers.

BACKLOG

At March 31, 1998, the Company had unfilled customer orders of approximately \$31.5 million, compared to approximately \$18.7 million at March 31, 1997 (based on currency exchange rates in effect on March 31, 1998). The Company believes that substantially all such orders are firm and will be filled during the Company's current fiscal year. The Company's backlog is affected by a variety of factors, including seasonality and the scheduling of the manufacture and shipment of products. Accordingly, a period-to-period comparison of backlog is not necessarily meaningful and may not be indicative of eventual shipments.

SOURCES AND AVAILABILITY OF SUPPLIES

Movado and Concord watches are generally assembled at the Company's manufacturing facility in Bienne, Switzerland with some off-site assembly performed principally by independent Swiss watch makers. Movado and Concord watches are assembled using Swiss movements and other components obtained from third-party suppliers. A number of cases and bracelets used in these watches are also manufactured by the Company. The Movado Gold and Concord Royal Gold collections are assembled by the Company at its facilities in Lyndhurst, New Jersey using Swiss movements as well as bracelets and cases obtained from third-party suppliers. The Company intends to have Coach watches assembled in Switzerland principally by independent assemblers using Swiss movements and other components obtained from third-party suppliers in Switzerland and elsewhere. ESQ watches are manufactured by independent contractors in the Far East using Swiss movements and other components purchased from third-party suppliers principally located in the Far East.

A majority of the watch movements used in the manufacture of Movado, Concord and ESQ watches are purchased from two suppliers. The Company obtains other watch components for all of its manufactured brands, including movements, cases, crystals, 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 the United States, Canada and Switzerland. Movado Group, Inc. does not have long-term supply contracts with any of its component parts suppliers.

The Company purchases Piaget and Corum watches from Piaget Swiss and Corum Swiss, respectively, under long-term distribution agreements expiring December 31, 2009. Pursuant to the Company's distribution agreements with Piaget Swiss ("Piaget Distribution Agreements"), Piaget Swiss undertakes, through its distribution affiliate, Piaget (International) S.A., to sell watches and jewelry to the Company on request, based on a formula that allows for the most favorable prices and delivery terms at which the watches and jewelry are then being offered for sale to wholesale distributors unrelated to Piaget Swiss. Under the terms of the Company's distribution agreement with Corum Swiss ("Corum Distribution Agreement"), Corum Swiss undertakes to sell watches to the Company at the lowest prices at which the watches are then being offered for sale to others, and to use reasonable efforts to comply with all delivery dates specified by the Company.

COMPETITION

The markets for each of the Company's watch brands are highly competitive. With the exception of SMH, 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 ability to compete effectively with regard to, among other things, the style, quality, price, advertising, marketing and distribution of its watch brands.

TRADEMARKS AND LICENSING AGREEMENTS

Movado Group, Inc. owns the trademarks MOVADO(R), CONCORD(R), VIZIO(R) and related trademarks for watches 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, 2000, and the agreement is renewable at the Company's option 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, a division of Sara Lee Corporation ("Coach License Agreement"). Subject to meeting certain performance goals, the Coach License Agreement expires 10 years after the Company's initial sales of Coach watches to retail outlets not operated by Coach, which are expected to commence in the Spring of 1998.

The Company owns the trademark PIAGET(R) for watches and jewelry and a number of related trademarks for watches in the United States. Pursuant to the Piaget Distribution Agreements, the Company is required to assign such trademarks to Piaget Swiss upon the expiration of the Piaget Distribution Agreements on December 31, 2009.

The Company also owns the trademark CORUM(R) and a number of related trademarks for watches in the United States. Pursuant to the Corum Distribution Agreement, the Company is required to assign these trademarks to Corum Swiss on December 31, 2009 upon the expiration of the Corum Distribution Agreement, unless earlier terminated by either party as of December 30, 2002.

The Company actively seeks to protect and enforce its trademarks by working with industry associations, anti-counterfeiting organizations, private investigators and law enforcement authorities, monitoring the enforcement of certain exclusion orders received from Customs and, when necessary, suing infringers of its trademarks. Consequently, the Company is involved from time to time in litigation or other proceedings to determine the enforceability, scope and validity of these rights. As the owner of the PIAGET(R) trademark for watches in the United States, the Company has received an exclusion order, pursuant to Customs regulations, which prohibits the importation of both counterfeit and gray-market Piaget watches into the United States. A "gray-market" good is a foreign manufactured good that bears a valid United States trademark and is imported without the consent of the United States trademark owner. Customs enforces the exclusion order by seizing any such goods at their point of entry into the United States. The Company also has exclusion orders

covering the trademark CORUM(R) and the Admiral's Cup dial design trademark. With respect to the trademarks MOVADO(R) and 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 or Concord watches because the Company is the manufacturer of such watches. All of the Company's exclusion orders are renewable.

EMPLOYEES

As of March 31, 1998, the Company had 794 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 INDUSTRY SEGMENTS, SEASONALITY, FOREIGN AND DOMESTIC OPERATIONS

The Company operates in one industry segment: the design, manufacture and distribution of quality watches. The Company's sales in the United States and Canada are traditionally greater during the Christmas and holiday season and are significantly more seasonal than its international sales. Consequently, the Company's net sales historically have been higher during the second half of its fiscal year. The second half of each year accounted for approximately 61.2%, 62.0% and 61.2% of the Company's net sales for the fiscal years ending January 31, 1998, 1997 and 1996, 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 sales tend to be less seasonal, particularly those derived from the Middle and Far Eastern markets. See Note 12 for financial information regarding foreign and domestic operations.

ITEM 2. PROPERTIES

The Company leases various facilities in the United States, Canada, Switzerland and the Far East for its corporate, manufacturing, distribution and sales operations. The Company's leased facilities are as follows:

LOCATION	FUNCTION	SQUARE FOOTAGE	LEASE EXPIRATION
Lyndhurst, New Jersey.....	Executive offices, watch assembly and distribution	93,000	May 2002
Bienne, Switzerland.....	Corporate functions, watch sales, distribution, assembly and repair	52,000	January 2007
Markham, Canada.....	Office and distribution	11,200	June 2007
Hackensack, New Jersey.....	Warehouse	6,600	July 1999
Toronto, Canada.....	Office	5,335	May 1998
Hong Kong.....	Watch sales, distribution and repair	3,400	January 1999
Los Angeles, California.....	Watch repair	3,000	December 2002
Miami, Florida.....	Watch repair	2,600	October 2001
Grenchen, Switzerland.....	Watch sales	2,600	March 2000
New York, New York.....	Watch repair	2,200	November 2005
Japan.....	Watch sales	1,500	January 2000
Singapore.....	Watch sales, distribution and repair	474	August 1998

The Company leases retail space with average square footage of approximately 1,500 square feet per store for the operation of its Movado store and 17 outlet stores under leases expiring from November 2000 to February

2005. The Company also leases approximately 3,700 square feet of space at 730 Fifth Avenue in New York City under a lease expiring January, 2006. The Company operates this location as the Piaget boutique, devoted exclusively to Piaget watches and jewelry. In addition, the Company has leased retail space for the operation of two Movado boutiques with an average square footage of approximately 2,200 square feet per boutique under leases expiring through November 2006. The boutiques are scheduled to open in April 1998.

Movado Group, Inc. owns 1.2 acres and the buildings located thereon in La-Chaux-de-Fonds, Switzerland, which the Company uses for watch component manufacturing. 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 believes that its existing facilities are adequate for its current operations and to handle reasonably foreseeable sales growth.

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 business or its consolidated 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 in the fourth quarter of fiscal 1998.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

As of March 26, 1998, there were 67 holders of record of the Class A Common Stock and, the Company estimates, approximately 1,200 beneficial owners of the Common Stock represented by 486 holders of record. The Common Stock is traded on the Nasdaq National Market under the symbol "MOVA". The shares of Common Stock were issued pursuant to a public offering in fiscal 1994 and trading commenced September 30, 1993. Amounts in the table below have been retroactively adjusted to reflect a five-for-four stock split which was effected May 1, 1997 and a three-for-two stock split which was effected September 29, 1997. The quarterly high and low closing prices for the fiscal years ended January 31, 1998 and 1997 were as follows:

QUARTER ENDED -----	1998 -----		1997 -----	
	LOW -----	HIGH -----	LOW -----	HIGH -----
April 30.....	\$11.72	\$13.59	\$ 9.06	\$10.19
July 31.....	\$13.32	\$19.48	\$ 9.06	\$11.99
October 31.....	\$19.38	\$29.69	\$ 9.20	\$14.25
January 31.....	\$17.75	\$24.00	\$11.85	\$15.18

The Class A Common Stock is not publicly traded and is subject to certain restrictions on transfer as provided under the Company's Amended Restated Certificate of Incorporation and consequently, there is currently no established public trading market for these shares.

During the fiscal year ended January 31, 1998 and 1997, the Board of Directors approved four \$0.02 and four \$0.016 per share quarterly cash dividends, respectively, to shareholders of record of the Common Stock and Class A Common Stock. 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 Note 4 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 (in thousands except per share amounts).

	FISCAL YEAR ENDED JANUARY 31,				
	1998	1997	1996	1995	1994
Statement of income data:					
Net sales.....	\$237,005	\$215,107	\$185,867	\$160,853	\$142,237
Cost of sales.....	97,456	95,031	83,502	75,871	70,973
Selling, general and administrative(1).....	113,593	99,657	84,315	69,243	56,993
Total expenses.....	211,049	194,688	167,817	145,114	127,966
Operating income.....	25,956	20,419	18,050	15,739	14,271
Net interest expense.....	5,383	4,874	4,450	4,307	7,570
Income before income taxes and extraordinary charge.....	20,573	15,545	13,600	11,432	6,701
Provision for (benefit from) income taxes.....	4,731	3,853	3,876	(2,512)	(106)
Income before extraordinary charge....	\$ 15,842	\$ 11,692	\$ 9,724	\$ 13,944	\$ 6,807
Net income(2).....	\$ 15,842	\$ 11,692	\$ 9,724	\$ 13,944	\$ 3,579
Income per share before extraordinary charge -- Basic.....	\$ 1.35	\$ 1.04	\$ 0.86	\$ 1.24	\$ 0.86
Income per share before extraordinary charge -- Diluted.....	\$ 1.29	\$ 1.02	\$ 0.86	\$ 1.24	\$ 0.86
Net income per share -- Basic.....	\$ 1.35	\$ 1.04	\$ 0.86	\$ 1.24	\$ 0.45
Net income per share -- Diluted.....	\$ 1.29	\$ 1.02	\$ 0.86	\$ 1.24	\$ 0.45
Basic shares outstanding(3).....	11,736	11,273	11,263	11,250	7,918
Diluted shares outstanding(3).....	12,236	11,489	11,327	11,251	7,918
Cash dividends declared per share....	\$ 0.080	\$ 0.064	\$ 0.053	\$ 0.043	\$ 0.026
Balance sheet data (end of period):					
Working capital.....	\$157,103	\$126,690	\$132,679	\$121,357	\$108,612
Total assets.....	249,069	208,443	200,380	186,949	156,954
Long-term debt.....	35,000	40,000	40,000	40,000	40,000
Shareholders' equity.....	145,533	103,870	104,841	92,930	72,458

(1) Included in fiscal 1997 is the effect of a one-time, pretax charge of approximately \$450,000 in connection with restructuring the Company's German operations.

(2) Included in fiscal 1994 is an extraordinary charge of \$3.2 million from the early redemption of \$45 million aggregate stated principal amount of the Company's 12% subordinated Debentures.

(3) Amounts have been retroactively adjusted to reflect a five-for-four stock split which was effected May 1, 1997 and a three-for-two stock split which was effected September 29, 1997.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

Statements included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in this annual report on Form 10-K, 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 Section 21E of the Securities Exchange Act of 1934. The Company cautions readers that forward looking statements, include without limitation, those relating to the Company's future business prospects, revenues, working capital, liquidity, capital needs, plans for future operations, 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, competitive products and pricing, ability to enforce intellectual property rights, seasonality, availability of alternative sources of supply in the case of loss of any significant supplier, the Company's dependence on key officers, ability to enforce intellectual property rights, continued availability to the Company of financing and credit on favorable terms and success of hedging strategies in respect of currency exchange rate fluctuations.

GENERAL

Net Sales. Among the more significant factors that influence annual sales are general economic conditions in the Company's domestic and international markets, new product introductions, the level of advertising expenditures, the effectiveness of marketing and distribution programs and product pricing decisions.

Reported sales are also affected by foreign exchange rates, primarily the U.S. dollar/Swiss franc rate, because 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.

The Company's business is very seasonal. There are two major selling seasons in the Company's North American 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 around significant local holidays that occur in late Winter or early Spring, however, because these markets are a less significant portion of the Company's business, their impact is far less than that of the selling seasons in North America.

The Company is continuing its efforts, begun in fiscal 1995, to expand sales in key international markets. These efforts have included: the recruitment of a number of key personnel with management level sales and marketing responsibilities, the addition and replacement of selected independent distributors, an increase in the number of sales representatives, retargeted and increased advertising and coordinated marketing programs designed to build brand awareness and consumer demand for the Company's watches at point-of-sale.

Gross Margins. The Company's overall gross margins are primarily affected by four major factors: sales mix, product pricing strategy, component and labor costs and the U.S. dollar/Swiss franc exchange rate. The Company's gross margins on its manufactured brands are higher than those on its distributed brands and; therefore, any shift in overall sales mix toward the Company's manufactured brands will generally have a favorable impact on margins. In addition, margins on sales of a particular brand vary from model to model and, therefore, changes in the model sales mix within a brand will impact margins.

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 competitor actions. The overall level of liquidation sales of discontinued models in a particular fiscal year can also impact the Company's gross margins.

Manufacturing costs of the Company's Movado and Concord brands consist primarily of component costs, Company and subcontract assembly costs and unit overhead costs.

The Company seeks to control and reduce component and subcontract labor costs through a combination of negotiation with existing suppliers and alternative sourcing. Overall wage and salary costs at the Company's manufacturing operations in Switzerland are a function of production levels and local inflation. These costs have remained fairly stable over the three previous fiscal years.

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, therefore, hedges its Swiss franc purchases using a combination of forward contracts, purchased currency options and spot purchases. The Company's hedging program has, in the recent past, been reasonably successful in stabilizing product costs despite exchange rate fluctuations.

Operating Expenses. The Company's operating 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 marketplaces around the world in which the Company sells its products.

Selling expenses consist primarily of sales commissions, sales force travel costs and operating costs incurred in connection with the Company's retail business. Sales commissions vary proportionally with overall sales levels. Retail operating expenses consist primarily of salaries and store rent.

Distribution expenses consist primarily of salaries of distribution staff, the cost of part-time help to meet seasonal needs, and shipping costs and supplies.

General and administrative expenses consist primarily of salaries, employee benefit plan costs, office rent, management information systems costs and various other corporate expenses such as insurance, legal, internal audit and credit and collection costs.

Operating expenses over the last three fiscal years reflect the effect of the implementation of the Company's growth strategy. The more significant expenses associated with this strategy included advertising and marketing expenses designed to increase market share for the Piaget, Corum, Concord and Movado brands, advertising and marketing costs for the continuing expansion of the Company's ESQ line, which was introduced in 1993, additions to the Company's sales force, salaries and rents associated with additional outlet stores and the addition of staff to support distribution, inventory management and customer service requirements coincident with growth of the Company's business.

Income Taxes. The Company's income tax provision for fiscal 1998 and 1997 amounted to \$4.7 million and \$3.9 million or 23.0% and 24.8% of pretax income, respectively. A portion of the Company's consolidated operations are located in non-U.S. jurisdictions; therefore, the Company's effective rate differs from U.S. statutory rates. The majority of the Company's non-U.S. operations are located in jurisdictions with statutory rates below U.S. rates. The Company believes that the future effective tax rate will range from 20% to 30%; however, there can be no assurance of this as it is dependent on a number of factors, including the mix of foreign to domestic earnings, local statutory tax rates and the Company's ability to utilize net operating loss carryforwards in certain jurisdictions.

RESULTS OF OPERATIONS FOR THE FISCAL YEARS ENDED JANUARY 31, 1998, 1997 AND 1996

Net Sales. Comparative net sales by product class were as follows:

	1998 -----	1997 -----	1996 -----
	(IN THOUSANDS)		
Concord, Movado and ESQ:			
Domestic.....	\$153,835	\$138,810	\$110,455
International.....	40,028	30,185	28,504
Piaget and Corum.....	17,045	22,386	25,963
Other.....	26,097	23,726	20,945
	-----	-----	-----
	\$237,005	\$215,107	\$185,867
	=====	=====	=====

Net sales increased 10.2% in fiscal 1998. The increase resulted primarily from growth in sales in the U.S. and unit sales gains in the Company's international business.

Sales increases in the U.S. were primarily in the Movado and Concord brands. These increases were partially offset by sales declines in the Company's ESQ, Piaget and Corum brands. ESQ sales declined in fiscal 1998 in comparison to fiscal 1997 principally because of the significant expansion of the

brand's retail network, which occurred during fiscal 1997. Piaget sales declines were due primarily to planned reductions in the distribution channels for the brand. The increase in the Company's international business was due predominantly to increases of Concord and Movado brands in the Middle East, Far East and Caribbean offset somewhat by the negative impact of a change in translation rates.

Net sales increased 15.7% in fiscal 1997. The increase resulted primarily from growth in unit sales in the U.S. and, to a lesser extent, unit sales gains in the Company's international business. Increases in unit sales in the U.S. were attributable primarily to the Concord, Movado and ESQ brands offset somewhat by a decline in unit sales of Piaget. The increase in international unit sales was offset somewhat by the negative impact of a change in translation rates.

Gross Margins. The Company's gross margin increased from 55.8% to 58.9% in fiscal 1998. The Company's fiscal 1998 margin was favorably impacted by sales mix, particularly an increase in the proportion of Concord, Movado and ESQ sales to net sales. The Company's gross margin also benefited by increases in the U.S. dollar against the Swiss franc.

The Company's gross margin increased from 55.1% to 55.8% in fiscal 1997. The Company's fiscal 1997 margin was favorably impacted by sales mix, particularly an increase in the proportion of Concord, Movado and ESQ sales to total sales, as well as reduced per unit overhead costs due to higher unit production levels in Switzerland. The Company's gross margin also benefited by increases in the U.S. dollar against the Swiss franc, which occurred late in the fiscal year.

Operating Expenses. Operating expenses increased 14.0% in fiscal 1998 to 47.9% of net sales from 46.3% of net sales in fiscal 1997. The increase in fiscal 1998 operating expenses occurred primarily in the advertising, selling and general and administrative expense categories. Distribution costs declined as a percentage of net sales.

The increase in advertising and marketing expenditures occurred primarily in the U.S. This increase was planned and relates to the Company's ongoing efforts to build identity and image for its brands. Fiscal 1998 advertising and marketing costs were affected by higher levels of media spending for Concord, Movado and, in particular, ESQ in the U.S. and increased marketing and promotional activities in the U.S. for all of the Company's brands.

The growth in consolidated advertising costs also included increased media spending in certain international markets, primarily the Far East and Middle East and certain European markets.

Selling expenses included an increase in variable selling expenses commensurate with sales growth in both domestic and international business.

Fiscal 1998 general and administrative expenses included increased employee benefit costs and rents due to the expansion of office space necessitated by the Company's growth and head count increases.

Operating expenses increased 18.2% in fiscal 1997 to 46.3% of net sales from 45.4% of net sales in fiscal 1996. The increase in fiscal 1997 operating expenses occurred primarily in the advertising and selling, general and administrative expense categories. Although increasing slightly in absolute terms, product distribution costs declined as a percentage of net sales.

The increase in advertising and marketing expenditures in fiscal 1997 occurred primarily in the U.S. This increase was planned and relates to the Company's ongoing efforts to build identity and image for its brands. Fiscal 1997 advertising and marketing costs were affected by higher levels of media spending for Concord, Movado and, in particular, ESQ in the U.S., production costs for a new advertising campaign for Concord and increased marketing and promotional activities in the U.S. for all of the Company's brands, including the introduction of the new Vizio collection. The growth in consolidated advertising costs in fiscal 1997 also included increased media spending in certain international markets, primarily the Far East and Middle East. Selling expenses in fiscal 1997 included an increase in sales commissions commensurate with sales growth as well as the costs associated with an increase in the number of employees involved in the Company's domestic sales function, particularly in the ESQ brand and the growth of the Company's retail division. Fiscal 1997 general and administrative expenses included the cost of management additions and increased employee

benefit costs. Fiscal 1997 operating expenses also included a non-recurring pre-tax charge of \$450,000 in connection with restructuring the Company's German business.

Interest Expense. Net interest expense, which consists primarily of interest on the Company's \$40 million principal amount of Senior Notes and borrowings against its working capital and revolving lines of credit, was \$5.4 million, \$4.9 million and \$4.5 million for fiscal 1998, 1997 and 1996, respectively. The effect of higher average outstanding borrowings against working capital lines in fiscal 1998 and 1997 was offset somewhat by lower average interest rates on these U.S. borrowings.

Income Taxes. The Company's income tax provision amounted to \$4.7 million for fiscal 1998 and \$3.9 million for fiscal 1997 or 23.0% and 24.8% of pretax income, respectively. A portion of the Company's consolidated operations are located in non-U.S. jurisdictions, therefore, the Company's effective rate differs from U.S. statutory rates. The majority of the Company's non-U.S. operations are located in jurisdictions with statutory rates below U.S. rates. The Company believes that the future effective tax rate will range from 20% to 30%; however, there can be no assurance of this as it is dependent on a number of factors, including the mix of foreign to domestic earnings, local statutory tax rates and the Company's ability to utilize net operating loss carryforwards in certain jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity needs have been, and are expected to remain, primarily a function of its seasonal working capital requirements, which have increased due to significant growth in domestic sales over the two previous years. The Company's business is not capital intensive and liquidity needs for capital investments have not been significant in relation to the Company's overall financing requirements.

The Company has met its liquidity needs primarily through funds from operations and bank borrowings with domestic and Swiss banks. The Company's future requirements for capital will relate not only to working capital requirements for the expected continued growth of its existing brands, domestically and internationally, but also to funding new product lines, including the Spring 1998 launch of the Company's new Coach watch line, product line extensions and retail boutiques for the Movado brand. In addition, the Company is required to make \$5 million sinking fund payments on February 2, 1998 and February 1, 1999 in connection with its \$40 million Senior Notes.

In order to meet the increase in working capital requirements, the Company's revolving credit and working capital lines with its domestic bank group were amended in July 1997 to provide for a three year \$90.0 million unsecured revolving line of credit, pursuant to an Amended and Restated Credit Agreement, dated as of July 23, 1997, among the Company, the Chase Manhattan Bank, as agent, Fleet Bank N.A. as co-agent, and the other banks signatory thereto ("Restated Bank Credit Agreement"), and to provide for \$31.6 million of uncommitted working capital lines of credit. These new facilities replaced a \$20.0 million revolving line of credit and \$35.0 million domestic working capital lines of credit and certain of the Company's Swiss working capital lines. At January 31, 1998 and 1997, the Company had \$5 million in outstanding balances under the Restated Bank Credit Agreement.

In March 1998, the Company's Board of Directors authorized the repurchase of 400,000 shares of the Company's Common Stock. The Company currently does not have purchases planned.

The Company's debt to total capitalization ratio was 23.6% at January 31, 1998, as compared to 33.7% at January 31, 1997. The decrease in the debt to total capitalization ratio was predominantly due to the sale in a registered offering of an additional 1.5 million shares of common stock on October 21, 1997. The net proceeds of \$29.6 million from the offering are being used for working capital and general corporate purposes, including the expansion of existing brands, introduction of new brands, the establishment of retail boutiques and other marketing, advertising and distribution efforts. Such proceeds have been temporarily used to reduce the Company's borrowings under its revolving credit line.

The Company's net working capital, consisting primarily of trade receivable and inventories, amounted to \$157.1 million and \$126.7 million at January 31, 1998 and January 31, 1997, respectively. The increase in working capital from January 31, 1997 was primarily the result of an increase in receivables and inventory due to growth in the Company's business.

Accounts receivable at January 31, 1998 were \$92.4 million as compared to \$75.7 million at January 31, 1997. The increase in receivables was primarily the result of growth in the Company's business.

Inventories at January 31, 1998 were \$98.2 million as compared to \$87.2 million at January 31, 1997. The increase in inventories from January 31, 1997 to January 31, 1998 reflected the expansion of the Company's sales base and product line.

The Company's capital expenditures through January 31, 1998 were approximately \$7.6 million compared to \$6.6 million through January 31, 1997. Expenditures in fiscal 1998 were primarily related to improvements in the Company's management and sales management information systems and costs incurred in connection with the expansion of domestic distribution operations. The Company expects that its capital expenditures in fiscal 1999 will exceed the average levels experienced annually over the last three fiscal years due to planned continued improvements in management information systems, including retail information systems, expansion of its boutique and outlet store network, and the expansion of distribution operations to support continued sales growth. Fiscal 1997 expenditures were primarily attributable to the opening of the Company's Piaget Boutique, upgrades of the Company's domestic distribution operations, the relocation of the Company's Swiss operations and computer hardware and software investments to automate the Company's domestic sales force.

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board ("FASB") recently issued Statement No. 131, Disclosures about Segments of an Enterprise and Related Information. This standard establishes standards for the reporting of financial information relating to operating segments for both interim and annual periods. In addition, the FASB also issued Statement No. 130 Reporting Comprehensive Income, which establishes standards for reporting and display of comprehensive income in the Company's financial statements and footnotes. Management of the Company believes that adoption of these statements, which will be required for the fiscal year ending January 31, 1999, will not have an impact on the Company's consolidated financial position or results of operations.

YEAR 2000

The Company is actively addressing its information technology infrastructure, including hardware and software to insure Year 2000 compliance in all areas of operations including relationships with vendors and customers. The Company is implementing a new computer system, which will transform the existing system from a mainframe platform to a client server environment. This new system will be Year 2000 compliant. Costs associated with this new system will be capitalized and amortized in accordance with Company policy. Company management does not expect that the costs associated with Year 2000 will have a material impact on the Company's consolidated financial position or results of operations.

The Company is not currently aware of vendor or customer circumstances that may have a material adverse impact on the Company due to Year 2000 compliance issues.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	SCHEDULE NUMBER -----	PAGE NUMBER -----
Report of Independent Accountants.....		F-1
Consolidated Statements of Income for the fiscal years ended January 31, 1998, 1997 and 1996.....		F-2
Consolidated Balance Sheets at January 31, 1998 and 1997....		F-3
Consolidated Statements of Cash Flows for the fiscal years ended January 31, 1998, 1997 and 1996.....		F-4
Consolidated Statements of Changes in Shareholders' Equity for the fiscal years ended January 31, 1998, 1997 and 1996.....		F-5
Notes to Consolidated Financial Statements.....		F-6 to F-17
Valuation and Qualifying Accounts and Reserves.....	II	S-1

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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 1998 annual meeting of shareholders and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included in the Company's Proxy Statement for the 1998 annual meeting of shareholders 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 1998 annual meeting of shareholders 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 1998 annual meeting of shareholders and is incorporated herein by reference.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report

1. Financial Statements:

See Financial Statements Index on page 15 included in Item 8 of part II of this report.

2. Financial Statements Schedules:

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 24 through 28 of this report.

(b) Reports on Form 8-K

None.

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 23, 1998

By: /s/ GEDALIO GRINBERG

Gedalio Grinberg
Chief Executive Officer and
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 23, 1998

/s/ GEDALIO GRINBERG

Gedalio Grinberg
Chief Executive Officer and
Chairman of the Board of Directors
(Principal Executive Officer)

Dated: April 23, 1998

/s/ EFRAIM GRINBERG

Efraim Grinberg
President

Dated: April 23, 1998

/s/ MICHAEL J. BUSH

Michael J. Bush
Executive Vice President and
Chief Operating Officer

Dated: April 23, 1998

/s/ KENNETH J. ADAMS

Kenneth J. Adams
Senior Vice President and Chief Financial Officer
(Chief Financial Officer)

Dated: April 23, 1998

/s/ JOHN J. ROONEY

John J. Rooney
Corporate Controller
(Principal Accounting Officer)

Dated: April 23, 1998

/s/ MARGARET HAYES ADAME

Margaret Hayes Adame
Director

Dated: April 23, 1998

/s/ DONALD ORESMAN

Donald Oresman
Director

Dated: April 23, 1998

/s/ LEONARD L. SILVERSTEIN

Leonard L. Silverstein
Director

Dated: April 23, 1998

/s/ ALAN H. HOWARD

Alan H. Howard
Director

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
3.1*	Restated By-Laws of the Registrant.....	
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 October 31, 1997.	
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, 1997.	
4.2	Note Agreement, dated as of November 9, 1993, by and between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1993.	
10.1*	Settlement Agreement, dated as of February 11, 1992, by and among S.A. Ancienne Fabrique Georges Piaget et Cie. ("Piaget Swiss"), PBM International Holding S.A., Piaget Watch Corporation, the Registrant and Gedalio Grinberg.	
10.2*	Distributorship Agreement among Piaget Watch Corporation, Piaget Swiss and Piaget (International) S.A., dated as of February 11, 1992.	
10.3*	Distributorship Agreement among North American Watch of Canada, Ltd., Piaget Swiss and Piaget (International) S.A., dated as of February 11, 1992.	
10.4*	Distributorship Agreement among the Registrant, Piaget Swiss and Piaget (International) S.A., dated as of February 11, 1992.	
10.5*	Trademark Agreement, dated as of February 11, 1992, by and among Piaget Swiss, Piaget Watch Corporation and the Registrant.	
10.6*	Franchise Agreement between Corum Watch Corporation and Corum, Ries, Bannwart & Co., dated February 27, 1969, as amended on April 16, 1979, February 22, 1980, April 20, 1982, January 1988 and February 19, 1993.	
10.7*	Assignment Agreement, dated February 22, 1980, between Corum, Ries, Bannwart & Co. and Corum Watch Corporation. ...	
10.8*	Agreement, dated January 1, 1992, between The Hearst Corporation and the Registrant, as amended on January 17, 1992.	
10.9	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.	
10.10*	Lease Agreement between the Registrant and Meadowlands Associates, dated October 31, 1986, for office space in Lyndhurst, New Jersey, together with the Non-Disturbance and Attornment Agreement, dated March 11, 1987.	
10.11	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.**.....	
10.13	Line of Credit Letter Agreement dated July 18, 1997 between the Registrant and Fleet Bank, N.A.	
10.14	Line of Credit Letter Agreement dated February 25, 1998 between the Registrant and Marine Midland Bank, N.A.	
10.15*	Letter Agreement dated May 19, 1993 between Concord Watch Company, S.A. and Bern Cantonal Bank (English translation).	
10.16*	Letter Agreement dated August 23, 1989 between Grandjean, S.A. and Neuchatel Cantonal Bank, as amended by a Letter Agreement dated March 2, 1990 between Grandjean, S.A. and Neuchatel Cantonal Bank (English translation).	
10.17*	Letter Agreement dated June 18, 1992 between Grandjean, S.A. and Neuchatel Cantonal Bank (English translation).....	

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.18*	Letter Agreement dated June 5, 1992 between Grandjean, S.A. and Popular Bank of Switzerland (English translation).	
10.19*	Letter Agreement dated November 25, 1992 between Concord Watch Company, S.A. and Swiss Bank Corporation (English translation).	
10.20*	Letter Agreement dated January 25, 1991 between Concord Watch Company, S.A. and Union Bank of Switzerland (English translation).	
10.21*	Letter Agreement dated May 15, 1991 between Grandjean, S.A. and Union Bank of Switzerland (English translation).	
10.22	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.	
10.23	First Amendment of Lease dated May 31, 1994 between Meadowlands Associates, as landlord and the Registrant, as tenant for additional space at 125 Chubb Avenue, Lyndhurst, New Jersey. 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.	
10.24	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.**	
10.25	Registrant's amended and restated Deferred Compensation Plan for Executives effective January 1, 1998.**	
10.26	Credit Agreement dated as of January 31, 1996 among the Registrant, Chase Manhattan Bank (National Association) ("Chase"), NatWest Bank N.A. ("NatWest"), Marine Midland Bank and Chase as Agent and NatWest as Co-Agent. Incorporated herein by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1996.	
10.27	Agreement dated February 27, 1996 by and between the Registrant and Piaget (International) S.A. Incorporated herein by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1996.	
10.28	Lease Agreement between the Registrant and Lexington Building Co., L.P. dated February 18, 1996 for premises at 730 Fifth Avenue, New York, New York. Incorporated herein by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1996.	
10.29	Letter Agreement dated August 25, 1995 between the Registrant and Michael Bush together with Promissory Note dated October 25, 1995. Incorporated herein by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1996.**	
10.30	Policy Collateral Assignment and Split Dollar Agreement dated December 5, 1995 by and between the Registrant and The Grinberg Family Trust together with Demand Note dated December 5, 1995. Incorporated herein by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1996.**	
10.31	Lease dated April 15, 1996 between the Registrant and Belle Mead Corporation for premises at 1200 Wall Street West, Lyndhurst, New Jersey. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1996.	
10.32	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.	
10.33	Amendment number 1 to promissory note dated October 25, 1995 between the Registrant and Michael Bush. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1997.	

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.34	Amended and Restated Credit Agreement dated as of July 23, 1997 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1997.	
10.35	Amendment to Amended and Restated Credit Agreement dated as of August 5, 1997 among the Registrant, the Chase Manhattan Bank as Agent, Swingline Bank and Issuing Bank and Fleet Bank, N.A. as Co-Agent and the other Lenders signatory thereto. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1997.	
10.36	Consent to Sublease dated as of June 18, 1997 among the Registrant, Meadowlands Associates and Alexander and Alexander Consulting Group, Inc. ("AACG"), and Sublease Agreement entered into as of May 7, 1997 by and between the Registrant and AACG. Incorporated herein to Exhibit 10.3 to the Registrant's Quarterly Report in Form 10-Q for the quarter ended July 31, 1997.	
10.37	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.	
10.38	Line of Credit Letter Agreement dated November 10, 1997 between the Registrant and Fleet Bank, N.A.	
10.39	Line of Credit Letter Agreement dated August 5, 1997 between the Registrant and the Bank of New York.	
21.1	Subsidiaries of the Registrant.	
23.1	Consent of Price Waterhouse LLP.	
27	Financial Data Schedule.	

 * Incorporated herein by reference to the corresponding Exhibit Number filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).

** Constitutes a compensatory plan or arrangement.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) and (2) on page 17 present fairly, in all material respects, the financial position of Movado Group, Inc. and its subsidiaries at January 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the opinion expressed above.

PRICE WATERHOUSE LLP

Morristown, New Jersey
March 24, 1998

F-1

MOVADO GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEAR ENDED JANUARY 31,		
	1998	1997	1996
Net sales.....	\$237,005	\$215,107	\$185,867
Costs and expenses:			
Cost of sales.....	97,456	95,031	83,502
Selling, general and administrative.....	113,593	99,657	84,315
	211,049	194,688	167,817
Operating income.....	25,956	20,419	18,050
Net interest expense.....	5,383	4,874	4,450
Income before income taxes.....	20,573	15,545	13,600
Provision for income taxes.....	4,731	3,853	3,876
Net income.....	\$ 15,842	\$ 11,692	\$ 9,724
Net income per share -- Basic.....	\$ 1.35	\$ 1.04	\$ 0.86
Net income per share -- Diluted.....	\$ 1.29	\$ 1.02	\$ 0.86

See Notes to Consolidated Financial Statements
F-2

MOVADO GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	JANUARY 31,	
	1998	1997
	-----	-----
ASSETS		
Current assets:		
Cash.....	\$ 10,874	\$ 4,885
Trade receivables, net.....	92,386	75,688
Inventories.....	98,183	87,177
Other.....	18,206	16,914
	-----	-----
Total current assets.....	219,649	184,664
Plant, property and equipment, net.....	18,909	15,066
Other assets.....	10,511	8,713
	-----	-----
	\$249,069	\$208,443
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Loans payable to banks.....	\$ --	\$ 7,778
Current portion of long-term debt.....	10,000	5,000
Accounts payable.....	25,286	25,297
Accrued liabilities.....	16,920	13,188
Deferred and current taxes payable.....	10,340	6,711
	-----	-----
Total current liabilities.....	62,546	57,974
	-----	-----
Long-term debt.....	35,000	40,000
Deferred and noncurrent foreign income taxes.....	3,460	3,477
Other liabilities.....	2,530	3,122
Shareholders' equity:		
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized; no shares issued.....	--	--
Common Stock, \$0.01 par value; 20,000,000 shares authorized; 9,317,007 and 6,459,761 shares issued, respectively.....	93	65
Class A Common Stock, \$0.01 par value, 10,000,000 shares authorized; 3,556,793 and 4,847,478 shares issued and outstanding, respectively.....	36	48
Capital in excess of par value.....	64,475	34,450
Retained earnings.....	86,194	71,291
Cumulative translation adjustment.....	(5,137)	(1,856)
Treasury stock, 17,251 shares, at cost.....	(128)	(128)
	-----	-----
Total shareholders' equity.....	145,533	103,870
	-----	-----
Commitments and contingencies (Note 10).....		
	-----	-----
	\$249,069	\$208,443
	=====	=====

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FISCAL YEAR ENDED JANUARY 31,		
	1998	1997	1996
Cash flows from operating activities:			
Net income.....	\$ 15,842	\$ 11,692	\$ 9,724
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization.....	4,121	3,946	2,949
Deferred and noncurrent foreign income taxes.....	483	221	(373)
Provision for losses on accounts receivable.....	1,005	1,917	1,115
Changes in current assets and liabilities:			
Trade receivables.....	(18,699)	(4,096)	(10,607)
Inventories.....	(12,988)	(3,828)	(2,836)
Other current assets.....	(2,565)	(14,163)	(453)
Accounts payable.....	263	5,174	1,318
Accrued liabilities.....	3,841	4,301	481
Deferred and current taxes payable.....	3,481	(377)	2,299
Increase in other noncurrent assets.....	(592)	(1,285)	(153)
(Decrease) increase in other noncurrent liabilities.....	(307)	253	414
Net cash (used in) provided by operating activities.....	(6,115)	3,755	3,878
Cash flows from investing activities:			
Capital expenditures.....	(7,638)	(6,626)	(2,025)
Goodwill, trademarks and other intangibles.....	(1,421)	(294)	(278)
Net cash used in investing activities.....	(9,059)	(6,920)	(2,303)
Cash flows from financing activities:			
Proceeds from issuance of Common Stock, net of underwriting discounts and offering expenses.....	29,609	--	--
Net (payment of) proceeds from current borrowings under lines of credit.....	(7,570)	5,335	(1,194)
Principal payments under capital leases.....	(275)	(389)	(996)
Exercise of stock options.....	431	212	214
Dividends paid.....	(939)	(720)	(599)
Purchase of treasury stock.....	--	--	(128)
Net cash provided by (used in) financing activities.....	21,256	4,438	(2,703)
Effect of exchange rate changes on cash.....	(93)	(217)	61
Net increase (decrease) in cash.....	5,989	1,056	(1,067)
Cash at beginning of year.....	4,885	3,829	4,896
Cash at end of year.....	\$ 10,874	\$ 4,885	\$ 3,829

See Notes to Consolidated Financial Statements
F-4

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	CUMULATIVE TRANSLATION ADJUSTMENT	TREASURY STOCK
	-----	-----	-----	-----	-----	-----	-----
Balance, January 31, 1995.....	\$--	\$64	\$ 49	\$33,956	\$51,194	\$ 7,667	\$ --
Net income.....					9,724		
Dividends (\$0.053 per share).....					(599)		
Stock options exercised.....				214			
Tax benefit from employees exercising stock options...				29			
Purchase of Treasury stock....							(128)
Translation adjustment.....						2,671	
Balance, January 31, 1996.....	--	64	49	34,199	60,319	10,338	(128)
Net income.....					11,692		
Dividends (\$0.064 per share).....					(720)		
Stock options exercised.....				212			
Tax benefit from employees exercising stock options...				39			
Translation adjustment.....						(12,194)	
Conversion of Class A Common Stock to Common Stock.....		1	(1)				
Balance, January 31, 1997.....	--	65	48	34,450	71,291	(1,856)	(128)
Net income.....					15,842		
Dividends (\$0.080 per share)..					(939)		
Stock options exercised.....				431			
Proceeds from issuance of common stock, net of underwriting discounts and offering expenses.....		15		29,594			
Translation adjustment.....						(3,281)	
Conversion of Class A Common Stock to Common Stock.....		13	(12)				
Balance, January 31, 1998.....	\$--	\$93	\$ 36	\$64,475	\$86,194	\$(5,137)	\$(128)
	==	===	====	=====	=====	=====	=====

See Notes to Consolidated Financial Statements
F-5

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 1998, the Company marketed five distinctive brands of watches: Movado, Concord, ESQ, Piaget and Corum, which compete in most segments of the watch market. In April 1998, the Company will introduce the Coach watch brand.

The Company designs and manufactures Concord and Movado watches primarily through its subsidiaries in Switzerland and the United States. ESQ watches are manufactured to the Company's specifications using Swiss movements by independent contractors located in the Far East. The Company is also the exclusive distributor of Swiss-manufactured Piaget and Corum watches in the United States, Canada, Central America and the Caribbean. The Company distributes its watch brands through its United States operations as well as through sales subsidiaries in Canada, Hong Kong, Singapore and Switzerland and through a number of independent distributors located in various countries throughout the world.

In addition to its sales to trade customers and independent distributors, the Company sells Movado watches and Piaget products directly to consumers in its Company-operated Movado Design Store and its Piaget Boutique, respectively, both of which are located on Fifth Avenue in New York City. The Company also operates a number of Movado Company Stores throughout the United States, through which the Company sells discontinued and sample merchandise.

Principles of consolidation

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

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 as cumulative translation adjustments.

Sales and trade receivables

The Company's trade customers include department stores, jewelry store chains and independent jewelers. Movado and Concord watches are also marketed through a network of independent distributors. Sales are recognized upon shipment of products to trade customers. Accounts receivable are stated net of allowances for doubtful accounts of \$2,187,000 and \$3,876,000 at January 31, 1998 and 1997, respectively. One individual trade customer accounted for 12% of the Company's consolidated net sales in fiscal 1998. No individual trade customer, including trade customers under common control or international distributor accounted for 10% or more of the Company's consolidated net sales in fiscal 1997 and 1996.

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 obligation to the Company as a result of financial difficulties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Inventories

Inventories are valued at the lower of cost or market. The cost of domestic finished goods inventories is determined using the first-in, first-out (FIFO) method. The costs of finished goods inventories held by overseas subsidiaries and all component parts inventories are determined using average cost.

Plant, property and equipment

Plant, property and equipment at January 31, at cost, consists of the following (in thousands):

	1998	1997
	-----	-----
Furniture and equipment.....	\$ 32,516	\$ 26,288
Leasehold improvements.....	9,558	8,662
	-----	-----
	42,074	34,950
Less: accumulated depreciation and amortization.....	(23,165)	(19,884)
	-----	-----
	\$ 18,909	\$ 15,066
	=====	=====

Depreciation of furniture and equipment is provided using the straight-line method based on the estimated useful lives of assets which range from three to ten 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.

Goodwill and other intangibles

Other intangible assets consist primarily of trademarks and are recorded at cost. Trademarks are amortized over ten years, except in the case of costs associated with the Piaget and Corum trademarks, which are amortized over the remaining terms of the Piaget and Corum distribution agreements. Goodwill is amortized over 40 years. The Company continually reviews goodwill and other 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 future operating cash flows are lower than the carrying value. At January 31, 1998 and 1997, goodwill and other intangible assets at cost were \$6,425,000 and \$5,065,000, respectively, and related accumulated amortization of goodwill and other intangibles were \$2,696,000 and \$2,385,000, respectively.

Advertising production costs

In fiscal 1996, the Company adopted a newly prescribed accounting guideline which requires that production costs of an advertising campaign be expensed at the commencement date of the advertising campaign. As a result of adopting this new accounting pronouncement, the Company recorded at February 1, 1995 a one time pre-tax charge of approximately \$600,000 (\$0.04 per share after tax) which is included in selling, general and administrative expenses. Advertising expenses for fiscal 1998, 1997 and 1996, amounted to \$49.6 million, \$38.7 million and \$33.0 million, respectively.

Income taxes

The Company and its domestic subsidiaries file a consolidated federal income tax return. Foreign income taxes have been provided based on the applicable tax rates in each of the foreign countries in which the Company operates. Certain Swiss income taxes are payable over several years; the portion of these taxes not payable within one year is classified as noncurrent. Noncurrent foreign income taxes included in the consolidated balance sheets at January 31, 1998 and 1997 were \$1,139,000 and \$724,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Earnings per share

In accordance with the provisions of SFAS No. 128, Earnings Per Share, the Company is presenting 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 11,736,000, 11,273,000, and 11,263,000 for fiscal 1998, 1997 and 1996, respectively. For diluted earnings per share, these amounts were increased by 500,000, 216,000 and 64,000 in fiscal 1998, 1997 and 1996, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plans. There were no anti-dilutive common stock equivalents in the years presented.

Stock split

On April 3, 1997, the Company's Board of Directors approved a five-for-four stock split of the Company's Common and Class A Common Stock. The stock split was effected May 1, 1997. On September 11, 1997, the Company's Board of Directors approved a three-for-two stock split of the Company's Common and Class A Common Stock. The stock split was effected September 29, 1997. The accompanying financial statements contained in this report have been retroactively adjusted to reflect the impact of the stock splits.

Stock-based compensation

Stock-based compensation is recognized using the intrinsic value method. For disclosure purposes, pro forma net income and earnings per share are provided as if the fair value method had been applied.

Use of estimates in the preparation of financial statements

The preparation of financial statements, in conformity with generally accepted accounting principles, 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.

NOTE 2 -- INVENTORIES

Inventories consist of the following (in thousands):

	JANUARY 31,	
	----- 1998	1997 -----
Finished goods.....	\$61,960	\$53,497
Work-in-process and component parts.....	36,223	33,680
	-----	-----
	\$98,183	\$87,177
	=====	=====

NOTE 3 -- BANK CREDIT ARRANGEMENTS AND LINES OF CREDIT

In order to meet the increase in working capital requirements, the Company's revolving credit and working capital lines with its domestic bank group were amended in July 1997 to provide for a three year \$90.0 million unsecured revolving line of credit, pursuant to the Restated Bank Credit Agreement, and to provide for \$31.6 million of uncommitted working capital lines of credit. These new facilities replaced a \$20.0 million revolving line of credit and \$35.0 million domestic working capital lines of credit and certain of the Company's Swiss working capital lines. At January 31, 1998 and January 31, 1997, the Company had \$5 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

outstanding balances under the Restated Bank Credit Agreement. The Restated Bank Credit Agreement provides for various rate options including the federal funds rate plus a fixed rate, the prime rate or a fixed rate plus the LIBOR rate. The Company pays a facility fee on the unused portion of the credit facility. The agreement also contains certain financial covenants based on fixed coverage ratios, leverage ratios and restrictions which limit the Company on the sale, transfer or distribution of corporate assets, including dividends and limit the amount of additional debt outstanding to \$20 million. The Company was in compliance with these restrictions and covenants at January 31, 1998. The amount of \$5.0 million outstanding at January 31, 1998 and 1997 is included in Long-term debt.

In fiscal 1997, the Company entered into revised agreements with certain domestic banks providing for \$35.0 million of unsecured demand borrowings, to be used primarily for seasonal working capital requirements. Borrowings under these lines bore interest at the prime commercial lending rate or LIBOR plus 1% or the certificate of deposit rate plus 1.25%. Borrowings may be made in either U.S. dollars or Swiss francs. These lines were replaced as discussed above.

The Company's Swiss subsidiaries maintain secured and unsecured lines of credit with Swiss banks, a majority of which have an unspecified duration. Available credit under these lines totaled 12,870,000 and 20,500,000 Swiss francs, with dollar equivalents of approximately \$8,708,000 and \$14,437,000 at January 31, 1998 and 1997, respectively. One subsidiary's credit line contains a covenant requiring maintenance of retained earnings above a specified minimum level. This subsidiary was in compliance with this covenant at January 31, 1998 and 1997. There are no other restrictions on transfers in the form of dividends, loans or advances to the Company by its foreign subsidiaries.

Outstanding borrowings against the Company's aggregate demand lines of credit were \$7,746,000 at January 31, 1997. There were no borrowings under these credit lines at January 31, 1998. Aggregate maximum and average monthly outstanding borrowings against the Company's lines of credit and related weighted average interest rates during fiscal 1998, 1997 and 1996 were as follows (in thousands):

	FISCAL YEAR ENDED JANUARY 31,		
	1998	1997	1996
Maximum borrowings.....	\$72,560	\$56,143	\$41,032
Average monthly borrowings.....	\$41,564	\$34,302	\$28,940
Weighted average interest rate.....	6.4%	5.9%	6.0%

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

NOTE 4 -- LONG-TERM DEBT

Long-term senior debt outstanding at January 31, 1998 and 1997 consisted of \$30,000,000 and \$35,000,000, respectively, of Senior Notes due January 31, 2005 (the "Senior Notes") which were issued in a private placement completed in fiscal 1994. The Senior Notes bear interest at 6.56% per annum, payable semiannually on July 31 and January 31, and are subject to annual payments of \$5,000,000 commencing January 31, 1998 (or next business day). Accordingly, such amounts have been classified as a current liability in fiscal 1998. The Company has the option to prepay amounts due to holders of the Senior Notes at 100% of the principal plus a "make-whole" premium and accrued interest. The Senior Note agreement contains 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, 1998.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Included in Long-term debt at January 31, 1998 and 1997 was \$5.0 million related to the Company's revolving credit agreement as described in Note 3.

NOTE 5 -- FOREIGN CURRENCY MANAGEMENT

A substantial portion of the Company's watches and watch components are sourced from affiliated and nonaffiliated suppliers in Switzerland. A significant strengthening of the Swiss franc against currencies of other countries in which the Company conducts sales activities increases the Company's product cost. This may adversely impact gross margins to the extent the Company is unsuccessful in hedging against changes in the currency exchange rates or higher product costs cannot be recovered through price increases in local markets. Significant fluctuations in the Swiss franc -- U.S. dollar exchange rate can also have a material impact on the U.S. dollar value of the net assets of the Company's wholly-owned Swiss subsidiaries.

The Company hedges against foreign currency exposure using only forward exchange contracts, purchased foreign currency options and open market purchases to cover identifiable inventory purchase commitments and occasionally equity invested in its international subsidiaries. Due to production lead times, the Company hedges identified inventory purchase commitments generally over a period of up to eighteen months.

The Company has established strict counterparty credit guidelines and only enters into foreign currency transactions with financial institutions of investment grade or better. At January 31, 1998 and 1997, the Company had foreign currency trading lines totaling \$165,000,000 and \$200,000,000, respectively, with various banks. To minimize the concentration of credit risk, the Company enters into hedging transactions with each of these banks. As a result, the Company considers the risk of counterparty default to be minimal.

The following table presents the aggregate contract amounts and fair values, based on dealer quoted prices, of the Company's financial instruments outstanding at January 31, 1998 and 1997. All financial instruments included below mature within one year and were held for hedging purposes only. Foreign currency forward amounts (in thousands) consist primarily of U.S. dollar -- Swiss franc contracts.

	AS OF JANUARY 31,			
	1998		1997	
	CONTRACT AMOUNTS	FAIR VALUES	CONTRACT AMOUNTS	FAIR VALUES
Foreign Currency Forward Amounts.....	\$ 9,036	\$9,187	\$56,176	\$50,041
Purchased Options.....	\$39,486	\$ 576	\$ 7,450	\$ 0

The contract amounts of these foreign currency forward amounts and purchased options do not necessarily represent amounts exchanged by the parties and; therefore, are not a direct measure of the exposure of the Company through its use of these financial instruments. The amounts exchanged are calculated on the basis of the contract amounts and the other terms of the financial instruments, which relate to exchange rates. As of January 31, 1998 and 1997, the receivable from banks recorded in current assets associated with closed contract positions was \$1,000 and \$247,000, respectively.

The estimated fair values of these foreign currency forward amounts and purchased options used to hedge the Company's risks will fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the fair values of the underlying hedged transactions and investments and the Company's overall exposure to fluctuations in foreign exchange rates.

Gains and losses from and premiums paid for forward or option transactions that hedge inventory purchase commitments are included in the carrying cost of inventory and are recognized in cost of sales upon sale of the inventory. Net deferred charges from hedging amounted to \$375,000 and \$640,000 at January 31, 1998 and 1997, respectively, and were included in other current assets on the accompanying balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 6 -- FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The estimated fair value of the Company's Senior Notes at January 31, 1998 approximated the carrying value of the notes as the difference between market-based interest rates at the balance sheet date and the 6.56% fixed rate of the notes was minimal. The fair value of the Company's other monetary assets and liabilities approximate carrying value due to the relatively short-term nature of these items.

NOTE 7 -- INCOME TAXES

The provision for income taxes for the fiscal years ended January 31, 1998, 1997 and 1996 consist of the following components (in thousands):

	1998	1997	1996
	-----	-----	-----
Current:			
U.S. Federal.....	\$ 725	\$1,667	\$1,609
U.S. State and Local.....	192	477	460
Non-U.S.....	1,542	860	1,430
	-----	-----	-----
	2,459	3,004	3,499
	-----	-----	-----
Noncurrent:			
U.S. Federal.....	--	--	--
U.S. State and Local.....	--	--	--
Non-U.S.....	1,680	845	800
	-----	-----	-----
	1,680	845	800
	-----	-----	-----
Deferred:			
U.S. Federal.....	--	--	450
U.S. State and Local.....	--	--	(350)
Non-U.S.....	592	4	(523)
	-----	-----	-----
	592	4	(423)
	-----	-----	-----
Provision for income taxes.....	\$4,731	\$3,853	\$3,876
	=====	=====	=====

Taxes were provided for at a rate of 23.0% and 24.8% for fiscal 1998 and 1997, respectively. The reduction in the consolidated tax rate is predominantly due to higher earnings in lower tax jurisdictions.

The Company's deferred federal U.S. tax charge for the year ended January 31, 1996, principally resulted from the utilization of federal domestic net operating loss and Alternative Minimum Tax (AMT) credit carryforwards. The Company's state and local deferred tax benefit results from the realization of deferred state and local tax benefits.

Deferred income taxes reflect the tax effect of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. Deferred income taxes have been classified as current or noncurrent on the consolidated balance sheets based on the underlying temporary differences and the expected due dates of taxes payable upon reversal. Significant

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

components of the Company's deferred income tax assets and liabilities for the fiscal years ended January 31, 1998 and 1997 consist of the following (in thousands):

	1998 DEFERRED TAX		1997 DEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Operating loss carryforwards..	\$ 2,092	\$ --	\$2,357	\$ --
Rent accrual.....	542	--	650	--
Inventory reserve.....	813	5,516	631	5,091
Receivable allowance.....	643	565	1,022	551
Depreciation/amortization.....	1,043	--	797	53
Other.....	637	271	523	308
	-----	-----	-----	-----
	5,770	6,352	5,980	6,003
Valuation allowance.....	(2,370)	--	(2,580)	--
	-----	-----	-----	-----
Total.....	\$ 3,400	\$ 6,352	\$3,400	\$6,003
	=====	=====	=====	=====

As of January 31, 1998, the Company had foreign net operating loss carryforwards of approximately \$4,800,000 which are available to offset taxable income in future years. As of January 31, 1998, the Company continued to maintain a 100% valuation allowance with respect to the tax benefit of foreign net operating loss carryforwards. Management is continuing to evaluate the appropriate level of allowance based on future operating results and changes in circumstances.

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,		
	1998	1997	1996
	-----	-----	-----
Provision for income taxes at the U.S. statutory rate.....	\$ 7,200	\$ 5,441	\$ 4,760
Realization of capital and operating loss carryforwards.....	(88)	--	(177)
Lower effective foreign income tax rate.....	(2,582)	(2,369)	(1,215)
Tax provided on repatriated earnings of foreign subsidiaries.....	262	308	328
State and local taxes, net of federal benefit.....	127	315	73
Other.....	(188)	158	107
	-----	-----	-----
	\$ 4,731	\$ 3,853	\$ 3,876
	=====	=====	=====

No provision has been made for taxes on foreign subsidiaries' undistributed earnings of approximately \$96,000,000 at January 31, 1998, as those earnings are intended to be reinvested. As a result of various tax planning alternatives available to the Company, it is not practical to estimate the amount of tax, if any, that might be payable on the eventual remittance of such earnings. On remittance, certain withholding taxes would be imposed which might be available to offset a U.S. tax liability, if any. In the event all undistributed earnings as of January 31, 1998 were remitted, approximately \$4,670,000 of withholding taxes would be imposed.

NOTE 8 -- OTHER ASSETS

In fiscal 1996, the Company entered into an agreement with a trust which owns an insurance policy issued on the lives of the Company's Chairman and Chief Executive Officer and his spouse. Under that agreement, the trust has assigned the insurance policy to the Company as collateral to secure repayment by the trust of interest-free loans to be made by the Company in amounts sufficient for the trust to pay the premiums on said insurance policy (\$740,000 per annum).

Under the agreement, the trust will repay the loans

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

from the proceeds of the policy. The Company had loaned approximately \$1,620,000 and \$879,000 under this agreement at January 31, 1998 and 1997, respectively.

NOTE 9 -- RESTRUCTURING CHARGE

During fiscal 1997, the Company signed a distribution agreement with Junghans Uhren GmbH to distribute Movado watches in Germany. As a result of this agreement, the Company closed its German sales office and recorded a pre-tax charge of approximately \$450,000, included in selling, general and administrative expenses, to cover severance and other costs to close the operation in fiscal 1997. Most of these costs were paid in the first quarter of fiscal 1998.

NOTE 10 -- LEASES, COMMITMENTS AND CONTINGENCIES

Rent expense for equipment and distribution, factory and office facilities held under operating leases was approximately \$4,680,000, \$4,270,000 and \$3,274,000 in fiscal 1998, 1997 and 1996, respectively. Minimum annual rentals at January 31, 1998 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:

YEAR ENDING JANUARY 31, -----	(IN THOUSANDS) -----
1999.....	\$ 5,577
2000.....	5,072
2001.....	4,761
2002.....	4,648
2003.....	3,397
2004 and thereafter.....	8,506

	\$31,961
	=====

The Company has entered into capital leases to finance the cost of enhancing its management information systems in the United States and Switzerland. The gross value of computer equipment recorded under capital leases was \$3,848,000 as of January 31, 1998 and 1997. Accumulated depreciation of computer equipment recorded under capital leases was \$2,884,000 and \$2,421,000 as of January 31, 1998 and 1997, respectively.

Future minimum lease payments for equipment under capital leases at January 31, 1998 are as follows:

YEAR ENDING JANUARY 31, -----	(IN THOUSANDS) -----
1999.....	\$ 149
2000.....	71

Total minimum lease obligations.....	220
Less interest.....	(15)

Present value of minimum lease obligations.....	205
Less current portion.....	(136)

Net amount due after one year.....	\$ 69
	=====

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 11 -- 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 \$143,000, \$127,000 and \$106,000 in fiscal 1998, 1997 and 1996, 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 1998, 1997 and 1996, the Company recorded expenses related to the SERP of approximately \$190,000, \$138,000 and \$42,000, respectively.

On September 23, 1994, the Company entered into a Death and Disability Benefit Plan agreement with the Company's Chairman and Chief Executive Officer. 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 \$300,000 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 \$92,000, \$85,000 and \$78,000 for fiscal 1998, 1997 and 1996 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, the Compensation Committee of the Board of Directors, which is comprised of the Company's four 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 1,500,000 shares of Common Stock. Options granted to participants under the Plan become exercisable in equal installments on the first through fifth anniversaries of the date of grant 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Transactions in stock options under the Plan since fiscal 1996 are summarized as follows:

	OUTSTANDING OPTIONS	OPTIONS PRICE PER SHARE
	-----	-----
January 31, 1995.....	413,438	\$ 7.41
Options granted.....	200,625	7.46
Options exercised.....	(28,500)	7.47
Options forfeited.....	(7,500)	7.47
January 31, 1996.....	578,063	7.43
Options granted.....	429,375	10.98
Options exercised.....	(36,750)	7.47
Options forfeited.....	(14,813)	7.47
January 31, 1997.....	955,875	9.02
Options granted.....	227,964	13.49
Options exercised.....	(51,250)	8.43
Options forfeited.....	(6,189)	9.69
January 31, 1998.....	1,126,400	\$ 9.91

Options exercisable at January 31, 1998, 1997 and 1996 were 373,684, 260,850 and 144,563, respectively.

The weighted-average fair value of each option grant estimated on the date of grant using the Black-Scholes option-pricing model is \$6.53, \$3.47 and \$2.51 per share in fiscal 1998, 1997 and 1996, respectively. The following weighted-average assumptions were used for grants in 1998, 1997 and 1996: dividend yield of 0.4% for fiscal 1998 and 2% for fiscal 1997 and 1996; expected volatility of 38% for fiscal 1998 and 26% for fiscal 1997 and 1996, risk-free interest rates of 5.6% for fiscal 1998 and 1997, and 6.3% for fiscal 1996, and expected lives of seven years for fiscal 1998, 1997 and 1996.

The Company applies APB Opinion 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for the Plan.

Had compensation cost for the Company's fiscal 1998, 1997 and 1996 grants for stock-based compensation plans been determined based on the fair value at the grant dates and recognized ratably over the vesting period, the Company's net income and net income per share for fiscal 1998, 1997 and 1996 would approximate the pro forma amounts below (in thousands except per share data):

	1998		1997		1996	
	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA
	-----	-----	-----	-----	-----	-----
Net Income.....	\$15,842	\$15,306	\$11,692	\$11,392	\$9,724	\$9,651
Net Income per share -- Basic.....	\$ 1.35	\$ 1.30	\$ 1.04	\$ 1.01	\$ 0.86	\$ 0.86
Net Income per share -- Diluted.....	\$ 1.29	\$ 1.25	\$ 1.02	\$ 0.99	\$ 0.86	\$ 0.85

The pro forma impact takes into account options granted since February 1, 1995 and is likely to increase in future years as additional options are granted and amortized ratably over the vesting period.

MOVADO GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table summarizes outstanding and exercisable stock options as of January 31, 1998:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
\$ 5.30 -- \$ 7.95	481,888	6.5	\$ 7.43	286,688	\$ 7.43
\$ 7.96 -- \$10.60	300,002	7.8	\$ 9.88	57,373	\$ 9.89
\$10.61 -- \$13.25	211,884	9.0	\$13.04	9,561	\$12.93
\$13.26 -- \$15.90	118,126	8.8	\$13.39	20,062	\$13.41
\$15.91 -- \$18.55	8,250	9.4	\$16.33	--	\$ --
\$18.56 -- \$23.85	6,250	9.9	\$22.87	--	\$ --
\$ 5.30 -- \$23.85	1,126,400	7.6	\$ 9.91	373,684	\$ 8.27

NOTE 12 -- GEOGRAPHIC AREAS

The table below provides information pertaining to the Company's operations in different geographic areas. For purposes of discussion, the Company divides its business into two major geographic segments: "domestic", which includes the results of the Company's United States and Canadian operations and "international", which includes the results of all other Company operations. The Company's international operations are principally conducted in Europe. The Company's international assets are substantially located in Europe. Other international operations contributed less than 10% of consolidated net sales and constituted less than 10% of consolidated total assets for all periods presented (in thousands).

	DOMESTIC	INTERNATIONAL	ELIMINATIONS	CONSOLIDATED
FISCAL YEAR 1998:				
Revenue from sales to unaffiliated customers.....	\$189,187	\$ 47,818	\$ --	\$237,005
Intercompany sales.....	6,877	105,179	(112,056)	--
Net sales.....	\$196,064	\$152,997	\$(112,056)	\$237,005
Income before income taxes.....	\$ 1,796	\$ 19,061	\$ (284)	\$ 20,573
Identifiable assets.....	\$139,668	\$126,265	\$ (16,864)	\$249,069
FISCAL YEAR 1997:				
Revenue from sales to unaffiliated customers.....	\$175,404	\$ 39,703	\$ --	\$215,107
Intercompany sales.....	1,635	84,103	(85,738)	--
Net sales.....	\$177,039	\$123,806	\$ (85,738)	\$215,107
Income before income taxes.....	\$ 3,102	\$ 12,825	\$ (382)	\$ 15,545
Identifiable assets.....	\$108,606	\$115,007	\$ (15,170)	\$208,443
FISCAL YEAR 1996:				
Revenue from sales to unaffiliated customers.....	\$146,749	\$ 39,118	\$ --	\$185,867
Intercompany sales.....	2,830	71,656	(74,486)	--
Net sales.....	\$149,579	\$110,774	\$ (74,486)	\$185,867
Income before income taxes.....	\$ 5,103	\$ 9,244	\$ (747)	\$ 13,600
Identifiable assets.....	\$104,770	\$121,246	\$ (25,636)	\$200,380

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 13 -- QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table presents unaudited selected interim operating results of the Company for fiscal 1998 and 1997 (in thousands, except per share amounts):

	QUARTER ENDED			
	APRIL 30	JULY 31	OCTOBER 31	JANUARY 31
1998				
Net sales.....	\$34,918	\$56,994	\$84,536	\$60,557
Gross profit.....	\$19,901	\$32,226	\$49,098	\$38,324
Net (loss) income.....	\$ (260)	\$ 2,355	\$ 9,308	\$ 4,439
PER SHARE:				
Net (loss) income:				
Basic.....	\$ (0.02)	\$ 0.21	\$ 0.81	\$ 0.35
Diluted.....	\$ (0.02)	\$ 0.20	\$ 0.77	\$ 0.34
1997				
Net sales.....	\$31,014	\$50,751	\$76,864	\$56,478
Gross profit.....	\$17,351	\$27,630	\$42,967	\$32,128
Net (loss) income.....	\$ (474)	\$ 1,684	\$ 7,350	\$ 3,132
PER SHARE:				
Net (loss) income:				
Basic.....	\$ (0.04)	\$ 0.15	\$ 0.65	\$ 0.28
Diluted.....	\$ (0.04)	\$ 0.15	\$ 0.64	\$ 0.27

Net income for the quarter ended January 31, 1997 includes the effect of a one-time, pre-tax charge of approximately \$450,000 in connection with restructuring the Company's German operation. (See Note 9 to Consolidated Financial Statements).

NOTE 14 -- 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,		
	1998	1997	1996
Cash paid (received) during the year for:			
Interest.....	\$4,580	\$5,141	\$4,887
Income taxes.....	\$ (26)	\$4,321	\$2,395
Non-cash investing and financial activities:			
Equipment acquired under capital lease.....	\$ --	\$ 217	\$ 422

SCHEDULE II

MOVADO GROUP, INC.

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	PROVISION CHARGED TO OPERATIONS	CURRENCY REVALUATION	NET WRITE-OFFS	BALANCE AT END OF YEAR
Year ended January 31, 1998:					
Allowance for doubtful accounts.....	\$3,876	\$1,005	\$ (38)	\$(2,656)	\$2,187
Year ended January 31, 1997:					
Allowance for doubtful accounts.....	\$3,323	\$1,917	\$(109)	\$(1,255)	\$3,876
Year ended January 31, 1996:					
Allowance for doubtful accounts.....	\$2,792	\$1,115	\$ 40	\$ (624)	\$3,323

	BALANCE AT BEGINNING OF YEAR	PROVISION (BENEFIT) CHARGED	ADJUSTMENTS	BALANCE AT END OF YEAR
Year ended January 31, 1998:				
Deferred tax assets valuation allowance.....	\$2,580	\$(210)	\$0	\$2,370
Year ended January 31, 1997:				
Deferred tax assets valuation allowance.....	\$2,439	\$ 141	\$0	\$2,580
Year ended January 31, 1996:				
Deferred tax assets valuation allowance.....	\$1,726	\$ 713	\$0	\$2,439

[LETTERHEAD OF FLEET BANK]

July 18, 1997

Movado Group, Inc.
125 Chubb Avenue
Lyndhurst, New Jersey 07071

Dear Sir or Madam:

We are pleased to advise you that Fleet Bank, National Association (the "Bank") holds available, upon the terms and conditions set forth below, for the use of Movado Group, Inc. (the "Company") (i) a Three Million Three Hundred Thirty Three Thousand Dollar (\$3,333,000) advised line of credit (the "W/C Line") for short term loans for working capital purposes ("Loans") and (ii) a \$50,000,000 line of credit (the "F/X Line"; the W/C Line and F/X Line are collectively referred to as the "Advised Lines") for spot and forward foreign exchange contracts ("F/X Transactions") with a daily settlement limit of \$10,000,000 in the aggregate for both spot and forward transactions.

The W/C Line will be available during the period commencing with the date of the Company's acceptance of the terms hereof and ending on July 7, 1998. All Loans shall mature on July 7, 1998. The F/X Line shall be available during the period commencing with the later of August 8, 1997 and date of the Company's acceptance of the terms hereof and ending on August 31, 1998. All F/X Transactions shall expire no later than August 31, 1998.

W/C Line

Loans shall bear interest, at the Company's election, at a rate per annum equal to either (i) a fluctuating rate equal to the Prime Rate (a Loan bearing interest at this rate is sometimes called a "Prime Loan"), (ii) a fixed rate of 3/4 of 1% plus LIBOR for an interest period of 7 days or 1, 2, 3 or 6 months (a Loan bearing interest at this rate is sometimes called a "LIBOR Loan"), or (iii) such other fixed rate as may be agreed upon between the Company and the Bank for an interest period which is also then agreed upon (a Loan bearing

interest at this rate is sometimes called an "Agreed Rate Loan"). "LIBOR" and "Prime Rate" shall be as defined in the attached promissory note (the "Note"), which Note shall evidence all Loans. Agreed Rate Loans and LIBOR Loans are sometimes collectively referred to as "Fixed Rate Loans". Interest shall be payable monthly in arrears based on a 360-day year and, for Fixed Rate Loans, on the last day of the applicable Interest Period.

F/X Line

Forward contracts shall not have a term longer than 180 days and shall be subject to the following:

(i) If the Company contracts to purchase foreign exchange from the Bank for future delivery and thereafter either (a) notifies the Bank in advance of or on the delivery date that it will not perform such contract or (b) fails to accept delivery of and/or make payment for such foreign exchange on the delivery date, the Bank may sell such foreign exchange to others, and the Company will pay the Bank the difference between the contract price for such foreign exchange and the price at which such foreign exchange is otherwise sold by the Bank.

(ii) If the Company contracts to sell foreign exchange to the Bank for future delivery and thereafter either (a) notifies the Bank in advance of or on the delivery date that it will not perform such contract or (b) fails to deliver such foreign exchange on the delivery date, the Bank may purchase such foreign exchange from others, and the undersigned will pay to the Bank the difference between the contract price for the foreign exchange and the price at which such foreign exchange is otherwise purchased by the Bank.

With respect to spot purchases and sales of foreign exchange, the Company shall pay the purchase price or deliver the foreign exchange, as the case may be, on the date such transaction takes place. Failure of the Company to so pay the purchase price or deliver the foreign exchange shall entitle the Bank to the same relief as described in the foregoing paragraphs (i) and (ii) with respect to any such failure in connection with forward contracts. In any event, default by the Company in completing a full or a spot contract shall also entitle the Bank to terminate the Advised Lines and to all other rights and remedies afforded under applicable law.

Provisions applicable to each of the Advised Lines

The Company shall not grant a security interest in, pledge, assign or otherwise encumber any of its accounts receivable.

All obligations of the Company owing to the Bank shall be unconditionally guaranteed by all active domestic subsidiaries of the Company (collectively, the "Guarantors") pursuant to the Bank's standard form of guarantee (collectively, the "Guarantees")

The Company shall continue to provide the following to the Bank:

- - The consolidated and consolidating balance sheet for the Company and its subsidiaries, consolidated and consolidating statement of income and consolidated statement of cash flow: (i) (audited by accountants satisfactory to the Bank) within 120 days of fiscal year end; (ii) (audited by accountants satisfactory to the Bank) within 75 days of quarter end, and (iii) within 45 days of month end; all to include comparative figures for the corresponding period of the preceding year.
- - Notices of defaults.
- - Accounts receivable aging reports and such additional information relating thereto as is currently reported.
- - Such other statements and reports as shall be reasonably requested by the Bank.

This letter agreement replaces, supersedes, amends and restates in its entirety the letter agreement from the Bank to the Company dated July 9, 1997. The \$3,333,000 promissory note executed in connection with this letter agreement replaces, supersedes, amends and restates in its entirety the \$13,333,000 promissory note executed in connection with such prior letter agreement. All amounts presently outstanding in excess of \$3,333,000 under such prior promissory note shall be immediately paid in full and all other amounts shall be automatically refinanced under the promissory note executed in connection with this letter agreement. Furthermore, any and all other lines of credit made available by the Bank to the Company (excluding the facility described in the Amended and

Restated Credit Agreement dated July 18, 1997 among the Company, the lenders signatory thereto, The Chase Manhattan Bank, as Agent and the Bank, as Co-Agent) are hereby terminated.

Extensions of credit under each of the Advised Lines shall be subject, of course, to the usual credit factors remaining favorable in the determination of the Bank. If the foregoing is acceptable to you, please sign and return the enclosed copy of this letter no later than July 23, 1997.

Very truly yours,

FLEET BANK, NATIONAL ASSOCIATION

By: /s/ [ILLEGIBLE]

Title: V.P.

ACCEPTED AND AGREED
ON JULY __, 1997

MOVADO GROUP, INC.

By: /s/ Kenneth J. Adams

Title: Sr. VP & CFO

[LETTERHEAD OF MARINE MIDLAND BANK]

February 25, 1998

Kenneth J. Adams
Chief Financial Officer
Movado Group Inc.
125 Chubb Avenue
Lyndhurst, NJ 07071-3504

Dear Mr. Adams,

We are pleased to inform you that Marine Midland Bank ("Bank") is willing to make available to Movado Group Inc. (the "Company") an unsecured \$3,333,333 line of credit (the "line") subject to agreement at or before each advance of credit as to amount, interest, maturities and other appropriate terms and conditions including the continuing satisfactory financial condition of the Company. An annual cleanup of all advances under the line for thirty consecutive days is required.

This letter is not a commitment to lend and advances under the line are at the option of the Bank. Please be advised that this line may be terminated by the Bank at any time without prior notice.

We review customers' non-contractual credit lines such as this at least annually upon submission of appropriate financial information. This line is scheduled to be reviewed by October 31, 1998. The line will automatically expire as of that date unless renewed or extended by us in writing.

Please execute and forward the enclosed copy of this letter for our files.

Sincerely,
Marine Midland Bank

Accepted and Agreed:
Movado Group Inc.

/s/ Gary Sarro

Gary Sarro
Vice President

Kenneth J. Adams
Chief Financial Officer

EXHIBIT 10.25

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

Effective June 1, 1995
Amended and Restated Effective January 1, 1998

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

Table of Contents

Page

ARTICLE I
Definitions

1.1	Account.....	1
1.2	Administrator.....	1
1.3	Base Salary.....	1
1.4	Class Year Account.....	2
1.5	Code.....	2
1.6	Company.....	2
1.7	Company Stock.....	2
1.8	Compensation.....	2
1.9	Effective Date.....	2
1.10	Eligible Employee.....	2
1.11	Employee.....	2
1.12	Employers.....	2
1.13	Employer Contribution.....	2
1.14	ERISA.....	3
1.15	Group I Employee.....	3
1.16	Group II Employee.....	3
1.17	Matching Contribution.....	3
1.18	Participant.....	3
1.19	Plan.....	3
1.20	Plan Year.....	3
1.21	Salary Deferrals.....	3
1.22	Salary Deferral Election.....	4
1.23	Total and Permanent Disability.....	4
1.24	Trust.....	4
1.25	Trustee.....	4
1.26	Year of Service.....	4

ARTICLE II
Participation

2.1	Eligibility for Participation.....	4
2.2	Commencement of Participation.....	5
2.3	Benefits.....	5

ARTICLE III
Contributions

3.1	Salary Deferrals.....	6
3.2	Matching Contributions.....	7
3.3	Company Stock.....	8
3.4	Employer Contributions.....	8
3.5	Time of Contributions.....	9
3.6	Form of Contributions.....	9

ARTICLE IV
Vesting

4.1	Vesting.....	9
-----	--------------	---

ARTICLE V
Accounts

5.1	Accounts.....	11
5.2	Investments, Gains and Losses.....	12
5.3	Forfeitures.....	13

ARTICLE VI
Distributions

6.1	Payment.....	13
6.2	Commencement of Payment.....	13

ARTICLE VII
Beneficiaries

7.1	Beneficiaries.....	14
7.2	Lost Beneficiary.....	15

ARTICLE VIII
Funding

8.1	Prohibition Against Funding.....	16
8.2	Deposits in Trust.....	16
8.3	Indemnification of Trustee.....	17
8.4	Withholding of Employee Contributions.....	17

ARTICLE IX
Claims Procedure

9.1	General.....	17
9.2	Claim Review.....	18
9.3	Right of Appeal.....	18
9.4	Review of Appeal.....	18
9.5	Designation.....	19

ARTICLE X
Administration of the Plan

10.1	Committee as Administrator.....	19
10.2	Actions Taken by the Committee.....	19
10.3	Bond and Compensation.....	20
10.4	Duties of the Committee.....	20
10.5	Employers to Furnish Information.....	21
10.6	Expenses.....	21
10.7	Indemnification.....	21

ARTICLE XI
General Provisions

11.1 No Assignment..... 22

11.2 No Employment Rights..... 22

11.3 Incompetence..... 23

11.4 Identity..... 23

11.5 Other Benefits..... 23

11.6 No Liability..... 23

11.7 Insolvency..... 24

11.8 Amendment and Termination..... 24

11.9 Employer Determinations..... 25

11.10 Construction..... 25

11.11 Governing Law..... 25

11.12 Severability..... 25

11.13 Headings..... 25

11.14 Terms..... 26

11.15 Approval of IRS..... 26

ARTICLE XII
Adoption

12.1 Execution..... 26

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

Movado Group, Inc., a New York corporation, and Swiss-Am, 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 commissions and bonuses.

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

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

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

1.7 COMPANY STOCK. Common stock of the Company.

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

1.9 EFFECTIVE DATE. The Plan was originally effective on June 1, 1995. This amendment and restatement is effective January 1, 1998.

1.10 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.

1.11 EMPLOYEE. Any person employed by an Employer.

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

1.13 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 3.3 hereof.

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

1.15 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.

1.16 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.

1.17 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.

1.18 PARTICIPANT. An Eligible Employee who has become a Participant as provided in Section 2.1 and whose Account has not been fully distributed.

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

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

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

1.22 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 Deferrals hereunder.

1.23 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.

1.24 TRUST. The Trust under the Plan.

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

1.26 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 2.1) 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.

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.

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 Accounts 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) 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 Employer Contributions to the Trust shall be made in the form of cash or cash equivalents of United States currency, except as otherwise provided herein.

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 provided 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 Plan Year of such Class Year Account if the Participant is still an Employee. Vesting shall cease once a Participant is no longer an Employee.

(c) The portion of a Participant's Class Year Accounts attributable to Salary 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 Accounts.

(f) 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 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, 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

until such Class Year Accounts are fully vested (as provided in ARTICLE IV), at which time such fully 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 of the next calendar quarter 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, Matching Contributions, Employer

Contributions, investment experience, distributions and any other appropriate adjustments. Such adjustments 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) Benefits shall be paid in roughly equal annual installments over a period of ten (10) years payable in January of each year.

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

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 termination of employment with an Employer.

(b) The Administrator may permit an early distribution 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 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) 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 sub-account for Company Stock; provided, however, that five percent (5%) of the amount otherwise designated for distribution shall be treated as a forfeiture under Section 5.3.

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 for 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 facts 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 Employers 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.

ARTICLE XII
ADOPTION

12.1 EXECUTION. To record the adoption of this Plan by the Employers, the Employers have caused this instrument to be executed this _____ day of _____, 1998.

Attest: MOVADO GROUP, INC.

Secretary

By: _____
President

Attest:

SWISS-AM, INC.

Secretary

By: _____
President

SCHEDULE A

Eligible Employees

Group I Employees:

G. Grinberg
E. Grinberg
T.B.A.

Group II Employees:

K. Adams
G. Batt
R. Brennan
R. Buonocore
J. Cohen
V. D'Elia
C. Davidson
R. Donofrio
H. Driansky
T. Glick
F. Kimick
J. Iannello
F. Levin
J. Massaro
T. Michno
S. O'Connor
L. Perry
D. Phalen
J. Pistner
H. Regenbogen
J. Rooney
P. Russo
M. Samitt
S. Sklar
J. Step
H. Viola
L. Wienick

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE dated as of March __, 1998 (this "Amendment"), between RCPI TRUST, a Delaware business trust having an office c/o Tishman Speyer Properties, L.P., 45 Rockefeller Plaza, New York, New York 10111 ("Landlord"), and MOVADO RETAIL GROUP, INC., a New Jersey corporation having an office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071 ("Tenant").

W I T N E S S E T H:

WHEREAS, Landlord's predecessor-in-interest, Rockefeller Center Properties, and Tenant's predecessor-in-interest, Swissam Inc., entered into that certain Lease, dated August 10, 1994 (the "Original Lease"), covering Shop '638' on the Street Floor and Shop 'X' on the Mezzanine Floor, of the building located at 630 Fifth Avenue, New York, New York (the "Original Premises"), all as more particularly described in the Original Lease; and

WHEREAS, Movado Group, Inc., formerly known as North American Watch Corporation ("Guarantor"), executed a certain Guaranty, dated August 10, 1994, whereby Guarantor guaranteed all of Tenant's obligations under the Lease; and

WHEREAS, Landlord and Tenant desire to modify the Original Lease to (i) provide for the leasing by Tenant of certain space on the Street Floor and the Subbasement Floor of the building located at 610 Fifth Avenue, New York, New York (the "Building") in substitution of the Original Premises and (ii) otherwise modify the terms and conditions of the Original Lease, all as hereinafter set forth (the Original Lease, as modified by this Amendment, the "Lease").

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Capitalized Terms. All capitalized terms used and not otherwise defined in this Amendment shall have the respective meanings ascribed to them in the Original Lease.

2. Lease of Substitute Premises. (a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, (i) a portion of the Street Floor of the Building, designated as Space '9', and being more particularly shown on Exhibit A-1 attached hereto (the "Shop Premises") and (ii) a portion of the Subbasement Floor of the Building, designated as Space 'E', and being more particularly shown on Exhibit A-2 attached hereto (the "Storage Premises"; the Shop Premises and the Storage Premises collectively, the "Substitute Premises"), for a term commencing on the date of execution and delivery of this Amendment by Landlord and Tenant (the "Substitute Premises Commencement Date") and ending on the day preceding the 10 year anniversary of the Substitute Premises Commencement Date (the "Expiration Date"), or such earlier date

upon which the term of the Lease may expire or be terminated pursuant to any of the conditions of limitation or other provisions of the Lease or pursuant to law, upon all of the terms and conditions of the Original Lease, as modified by this Amendment.

(b) Landlord shall deliver possession of the Substitute Premises to Tenant on the Substitute Premises Commencement Date. Landlord shall not be liable for failure to deliver possession of the Substitute Premises to Tenant on any specified date, and except as expressly provided in Paragraph 4, such failure shall not impair the validity of this Amendment. The provisions of this Article are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law or any successor Requirement.

(c) Effective as of the Substitute Premises Commencement Date, Tenant shall lease the Substitute Premises upon all of the terms and conditions of the Original Lease, except as follows:

(i) The fixed rent payable under the Lease with respect to the Substitute Premises shall be an amount equal to (x) \$265,000.00 per annum (\$22,083.33 per month) for the period commencing on September 1, 1998 (the "Substitute Premises Rent Commencement Date") and ending on the day preceding the 5 year anniversary of the Substitute Premises Commencement Date, both dates inclusive, and (y) \$304,750.00 per annum (\$25,395.83 per month) for the period commencing on the 5 year anniversary of the Substitute Premises Commencement Date and ending on the Expiration Date, both dates inclusive. Notwithstanding the foregoing, the Substitute Premises Rent Commencement Date shall be extended by one day for each day that Landlord fails to deliver the Substitute Premises to Tenant after the Substitute Premises Commencement Date.

(ii) The Shop Premises shall be deemed to consist of 1,017 rentable square feet and the Storage Premises shall be deemed to consist of 530 rentable square feet for all purposes of the Lease.

(iii) Tenant shall pay all additional rent payable pursuant to Article Twenty-Four of the Original Lease with respect to the Substitute Premises, except that with respect to the Substitute Premises, (v) the clause "120% of" in Section 24.1 of the Original Lease shall be deemed to be deleted in both places that it appears, (w) the clause "120% of" in the first sentence of Section 24.2(b) of the Original Lease shall be deemed to be deleted in both places that it appears, (x) the term "Base Real Estate Taxes" shall mean the R.E. Tax Share of the Real Estate Taxes for the calendar year commencing on January 1, 1998 and ending on December 31, 1998 (i.e., the second half of the Tax Year commencing on July 1, 1997 and ending on June 30, 1998 and the first half of the Tax Year commencing on July 1, 1998 and ending on June 30, 1999), (y) the term "Base COM" shall mean the O.E. Share of the Cost of Operation and

Maintenance for the Computation Year commencing on January 1, 1998 and ending on December 31, 1998, and (z) the term "Tenant's Area" shall mean 1,017 rentable square feet.

(iv) (x) Landlord shall pay to Tenant, toward payment of the cost of all work to be performed by or on behalf of Tenant in connection with Tenant's initial occupancy of the Substitute Premises (the "Substitute Premises Initial Installations"), an amount not to exceed \$421,038.00 ("Landlord's Contribution"), provided that as of the date on which Landlord is required to make payment pursuant to this Section 2(b)(iv): (i) the Lease is in full force and effect, and (ii) Tenant is not in default under the Lease beyond any applicable notice and cure period. Tenant shall pay all costs of the Substitute Premises Initial Installations in excess of Landlord's Contribution. Landlord's Contribution shall be payable solely on account of labor directly related to the Substitute Premises Initial Installations and materials delivered to the Substitute Premises in connection with the Substitute Premises Initial Installations, except that Tenant may apply up to 10% of Landlord's Contribution to pay "soft costs" incurred in connection with the Substitute Premises Initial Installations, which shall be limited to the actual architectural, consulting, permit, expediter and engineering fees incurred by Tenant in connection therewith. Tenant shall not be entitled to receive any portion of Landlord's Contribution not actually expended or payable by Tenant in the performance of the Substitute Premises Initial Installations, nor shall Tenant have any right to apply any unexpended portion of Landlord's Contribution as a credit against fixed rent, additional rent or any other obligation of Tenant under the Lease.

(y) Landlord shall make progress payments of Landlord's Contribution to Tenant on a monthly basis, for the work performed during the previous month, less a retainage of 10% of each progress payment (the "Retainage"). Each of Landlord's progress payments will be limited to an amount equal to the aggregate amounts (reduced by the Retainage) theretofore paid or then payable by Tenant (as certified by the chief financial officer of Tenant and by Tenant's independent, licensed architect) to Tenant's contractors, subcontractors and material suppliers which have not been the subject of a previous disbursement from Landlord's Contribution, multiplied by a fraction, the numerator of which is the amount of Landlord's Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for the Substitute Premises Initial Installations, then Landlord's reasonable estimate thereof) for the performance of all of the Substitute Premises Initial Installations shown on all plans and specifications approved by Landlord, provided that in no event shall such fraction be greater than one. Such progress payments shall be made within 30 days following the delivery to Landlord of requisitions therefor, signed by a financial officer of Tenant, which requisitions shall set forth the names of each contractor, subcontractor and material supplier to whom

payment is due, and the amount thereof, and shall be accompanied by (1) with the exception of the first requisition, copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant, (2) a written certification from Tenant's architect that the work for which the requisition is being made has been completed in accordance with the plans and specifications approved by Landlord, and (3) such other documents and information as Landlord may reasonably request. Landlord shall disburse the Retainage upon submission by Tenant to Landlord of a requisition therefor, accompanied by all documentation required under clauses (1), (2) and (3) above, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for the Substitute Premises Initial Installations by all governmental authorities having jurisdiction thereover, (B) final "as-built" plans and specifications for the Substitute Premises Initial Installations, and (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers covering all of the Substitute Premises Initial Installations. Notwithstanding anything to the contrary set forth in this clause (y), if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors, subcontractors or material suppliers, Landlord shall have the right, but not the obligation, to pay to such contractor, subcontractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within 10 Business Days after Landlord delivers to Tenant an invoice therefor. The right to receive Landlord's Contribution is for the exclusive benefit of Tenant, and in no event shall such right be assigned to or be enforceable by or for the benefit of any third party, including any contractor, subcontractor, materialman, laborer, architect, engineer, attorney or any other Person. "Business Days" shall mean all days, excluding Saturdays, Sundays and all days observed by either the State of New York, the Federal Government or the labor unions servicing the Building as legal holidays. "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, business trust, tenancy-in-common or other entity, or any governmental authority.

(v) Landlord shall respond to any request for approval of Tenant's plans and specifications for the Substitute Premises Initial Installations ("Tenant's Plans") within 3 Business Days after receipt by Landlord. Provided that Tenant's request for approval of Tenant's Plans shall be accompanied by a notice with the following statement set forth in bold capital letters: "IF LANDLORD FAILS TO RESPOND TO TENANT'S PLANS WITHIN 3 BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, TENANT SHALL BE ENTITLED TO A THREE DAY ABATEMENT OF FIXED RENT UNDER THE LEASE", if Landlord fails to respond to such request within 3 Business Days after receipt by Landlord, Tenant's fixed rent shall be abated in an amount equal to 3 days' fixed rent on a per diem basis for each day that Landlord fails to respond to Tenant's Plans after such 3rd Business Day.

(vi) Tenant has inspected the Substitute Premises and agrees (y) to accept possession of the Substitute Premises in the "as is" condition existing on the Substitute Premises Commencement Date, (y) that neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Substitute Premises or the Building except as expressly set forth herein, and (z) Landlord has no obligation to perform any work, supply any materials, incur any expense or make any alterations or improvements to the Substitute Premises or the Building to prepare the same for Tenant's occupancy. Tenant's occupancy of any part of the Substitute Premises shall be conclusive evidence, as against Tenant, that (A) Tenant has accepted possession of the Substitute Premises in its then current condition and (B) the Substitute Premises and the Building are in a good and satisfactory condition as required by this Amendment.

(vii) The provisions of Article Thirty-Four of the Original Lease shall be applicable with respect to the Substitute Premises, except that with respect to the Substitute Premises, (A) the clause "the Work Area" in Section 34.1 of the Original Lease shall be deemed to refer to the Substitute Premises, (B) the third and fourth sentences of Section 34.1 of the Original Lease shall be deemed to be deleted, (C) the phrase ", including, without limitation, hydraulic calculations," in the fifth sentence of Section 34.1 of the Original Lease shall be deemed to be deleted, (D) the phrase "within fifteen (15) business days" in the first sentence of Section 34.2 of the Original Lease shall be deemed to be deleted and the following inserted in place thereof "as specified in Paragraph 2(c)(v) of the First Amendment to Lease", (E) the phrase "the term commencement date" in the second sentence of Section 34.3 of the Original Lease shall be deemed to be deleted and the following inserted in place thereof "the Substitute Premises Commencement Date (as defined in the First Amendment to Lease)", (F) the last sentence of Section 34.3 of the Original Lease shall be deemed to be deleted, and (G) the amount "\$200,000" in the first sentence of Section 34.5 of the Original Lease shall be deemed to be deleted and the following inserted in place thereof "\$421,038".

(viii) Landlord shall provide electricity to the Shop Premises on a submetered basis in accordance with the provisions of Article Five of the Original Lease. Landlord shall install a meter or meters, at Landlord's expense, to measure Tenant's consumption of electricity in the Shop Premises, which meter shall be maintained by Landlord at Tenant's expense. For any period during which such meter or meters are not installed or are not operational in the Shop Premises, the monthly fixed rent shall be increased by an amount equal to the product of (A) \$.2083, subject to adjustment for any increases in electric rates or taxes, and (B) the number of rentable square feet in the Shop Premises. Landlord shall make customary arrangements to furnish electric current to the Storage Premises in amounts sufficient for normal lighting by overhead incandescent fixtures. Tenant shall ensure that all such lighting fixtures are turned off whenever Tenant's personnel are not in the Storage Premises.

(ix) Landlord shall provide heating, ventilation and air-conditioning service to the Shop Premises in accordance with the provisions of Article Twenty of the Original Lease except that such heating, ventilation and air-conditioning service shall be provided in accordance with the standards set forth in Exhibit B attached hereto during Business Hours on Business Days. Landlord shall not be responsible if the normal operation of the Building system providing heating, ventilation and air-conditioning to the Shop Premises (the "HVAC System") shall fail to provide cooled or heated air, as the case may be, by reason of (x) any machinery or equipment installed by or on behalf of Tenant, which shall have an electrical load in excess of the average electrical load and human occupancy factors for the HVAC System as designed, as the case may be, or (y) any rearrangement of partitioning or other alterations made or performed by or on behalf of Tenant. Notwithstanding anything to the contrary contained in the Lease, any overtime HVAC usage by Tenant will be billed at the rate charged to Tenant pursuant to the Original Lease prior to June 1, 1997.

(x) Landlord shall make customary arrangements to furnish electric current to the Storage Premises in amounts sufficient for normal lighting by overhead fixtures. Tenant shall ensure that all such lighting fixtures are turned off whenever Tenant's personnel are not in the Storage Premises. Replacement of bulbs within the Storage Premises shall be Tenant's responsibility. Notwithstanding anything to the contrary provided in the Lease, Landlord shall not be responsible for furnishing any other services or utilities to the Storage Premises, except for freight elevator serving the Premises upon Tenant's prior request, on a non-exclusive "first come, first served" basis with other Building tenants, on all Business Days from 8:00 a.m. to 12:00 noon, and from 1:00 p.m. to 5:00 p.m.

(xi) Except as provided in this Amendment, all references in the Original Lease to the "Premises" shall be deemed to refer to the Substitute Premises, all references to the "Building" shall be deemed to refer to the Building as defined in this Amendment, and all references to July 31, 2004 or the expiration date shall be deemed to refer to the Substitute Premises Expiration Date for all purposes of the Lease.

(xii) The following provisions of the Original Lease are not applicable to the leasing of the Shop Premises: Article Twenty-Seven, Article Thirty-Five and Article Thirty-Six.

(xiii) The following provisions of the Original Lease are not applicable to the leasing of the Storage Premises: Section 5.1, Section 5.4, Section 20.1, Article Twenty-Seven, Article Thirty-Five and Article Thirty-Six.

3. Adjoining Tenants. Landlord agrees that it shall lease the stores adjoining the Shop Premises to first-class tenants in a manner consistent with leasing

efforts for available space in the Center facing Fifth Avenue. Notwithstanding the foregoing, Tenant shall have no approval rights with respect to such adjoining tenants. Tenant's sole remedy with respect to Landlord's breach of this covenant shall be a suit for actual damages.

4. Surrender of Original Premises. (a) Provided that Landlord shall have delivered Tenant possession of the Substitute Premises, then upon the earliest of (x) the opening of the Substitute Premises for the conduct of Tenant's business, (y) the Substitute Premises Rent Commencement Date and (z) such date which is earlier than the dates provided in the preceding clauses (x) or (y) as Tenant may in its discretion elect (such earliest date, the "Surrender Date"), Tenant shall vacate the Original Premises and deliver vacant possession thereof to Landlord, time being of the essence. Tenant shall not be responsible for removing any Fixtures from the Original Premises, other than safes and vaults. Any Fixtures or personal property of Tenant remaining in the Original Premises after the Surrender Date shall be deemed abandoned by Tenant and Landlord may take possession thereof and dispose of same in any manner Landlord determines without accountability therefor to Tenant. Tenant acknowledges that effective upon the close of the Surrender Date, the Lease with respect to the Original Premises only shall have terminated and expired, Tenant shall have abandoned and surrendered any claim of possession to the Original Premises to Landlord, and Landlord shall be entitled to lease the Original Premises to any person or entity, or take any other action with respect thereto, free from any claim of Tenant or any person or entity claiming through Tenant. Effective as of the Surrender Date, the term "Premises" as used in the Lease shall no longer include the Original Premises and Tenant shall have no further obligations under the Lease with respect to the Original Premises (except any obligations which shall have accrued on or before the Surrender Date).

(b) Tenant represents and warrants that it has not assigned, pledged or encumbered the Lease or sublet the Original Premises or done or suffered any other action as a result of which the Lease or the Original Premises might be subject to any lien or encumbrance. Tenant warrants that the foregoing covenants and representations will be true and correct as of the Surrender Date, Tenant has and will have good right to surrender the Original Premises on or before the Surrender Date, and delivery of possession of the Original Premises will be made to Landlord on or before the Surrender Date free and clear of all liens and encumbrances of any kind whatsoever.

(c) If Tenant shall fail to surrender the Original Premises to Landlord in accordance with the provisions of this Paragraph 3, then Tenant shall be deemed to be a holdover and be subject to all of Landlord's rights and remedies available to it as landlord under the Lease or otherwise, at law or in equity.

(d) Provided that (i) the Lease is in full force and effect, (ii) Tenant is not in material default under the Lease beyond any applicable notice and cure period, and (iii) Tenant has vacated the Original Premises in accordance with the terms of the

Lease and this Amendment and delivered vacant possession thereof to Landlord, Landlord shall pay to Tenant an amount equal to \$1,200,000.00 by wire transfer according to Tenant's instructions, within 10 Business Days after Tenant has satisfied the conditions of this subsection (d) and has provided appropriate wire transfer instructions to Landlord.

(e) Following the submission by Tenant to Landlord of written certification that Tenant has completed its relocation from the Original Premises to the Substitute Premises and receipt of invoices therefor, Landlord shall reimburse Tenant for costs incurred by Tenant in connection with such relocation in an amount up to \$5,000.00.

4. Security Deposit. Landlord and Tenant acknowledge that Landlord is currently holding a letter of credit in the amount of \$178,900.00 as the security deposit under the Original Lease (the "Security Deposit"), and provided that the Security Deposit shall not be drawn upon by Landlord prior to the Substitute Premises Commencement Date in accordance with the terms of the Original Lease, Landlord shall continue to hold \$100,000.00 of the Security Deposit as security under the Lease pursuant to the provisions of Article Twenty-Six of the Original Lease as of the Substitute Premises Commencement Date.

5. Signage. Notwithstanding anything to the contrary contained in Section 30.2 (f) of the Original Lease, Tenant shall have the right to construct and display a sign as shown on the drawing attached hereto as Exhibit C.

6. Substitute Premises Renewal Term. (a) The Tenant named herein (i.e., Movado Retail Group, Inc.) shall have the right to renew the term of the Lease for the Substitute Premises for a single renewal term (the "Substitute Premises Renewal Term") of 5 years by written notice (the "Substitute Premises Renewal Notice") delivered to Landlord not less than 12 months prior to the Substitute Premises Expiration Date, time being of the essence; provided, however, that (i) Tenant shall not be in default under any of the terms, covenants or conditions of the Lease beyond any applicable notice or cure period, either on the date the Substitute Premises Renewal Notice is given or on the Substitute Premises Renewal Term Commencement Date (as hereinafter defined), and (ii) the Tenant named herein (i.e., Movado Retail Group, Inc.) shall not have assigned the Lease (except to a Related Entity) and the Tenant named herein (i.e., Movado Retail Group, Inc.) and/or any Related Entity shall be in occupancy of the entire Substitute Premises on the date the Substitute Premises Renewal Notice is given and on the Substitute Premises Renewal Term Commencement Date. Upon the giving of the Substitute Premises Renewal Notice, the Lease shall be deemed renewed for the Substitute Premises Renewal Term with the same force and effect as if the Substitute Premises Renewal Term had originally been included in the term of the Lease. The Substitute Premises Renewal Term shall commence on the day after the Substitute Premises Expiration Date (the "Substitute Premises Renewal Term Commencement Date") and shall terminate on the day immediately preceding the 5 year anniversary of the Substitute Premises Renewal Term Commencement Date. For

purposes hereof, a "Related Entity" shall mean any Person which Controls, is Controlled by, or is under common Control with the original Tenant named herein and "Control" shall mean (i) (a) the ownership, directly or indirectly, of more than 50% of the voting stock of a corporation, or (b) in the case of any Person which is not a corporation, the ownership, directly or indirectly, of more than 50% of the beneficial ownership interests in such Person, or (ii) in the case of any such Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person.

(b) All of the terms, covenants and conditions of the Lease shall continue in full force and effect during the Substitute Premises Renewal Term, except that (i) the fixed rent for the Substitute Premises Renewal Term shall be an amount equal to 90% of the Substitute Premises Fair Market Value (as hereinafter defined), (ii) Tenant shall have no further right to renew the term of the Lease, (iii) the term "Base Real Estate Taxes" shall mean the R.E. Tax Share of the Real Estate Taxes for the fiscal year commencing on the July 1st prior to the Substitute Premises Renewal Term Commencement Date and ending on the June 30th following the Substitute Premises Renewal Term Commencement Date, and (iv) the term "Base COM" shall mean the O.E. Share of the Cost of Operation and Maintenance for the Computation Year commencing on the January 1st prior to the Substitute Premises Renewal Term Commencement Date and ending on the December 31st following the Substitute Premises Renewal Term Commencement Date.

(c) "Substitute Premises Fair Market Value" shall be the fair market annual rental value of the Substitute Premises on the Substitute Premises Renewal Term Commencement Date for a term equal to the Substitute Premises Renewal Term, as reasonably determined by Landlord based on comparable space in the Center, including all of Landlord's services provided for in the Lease and with (a) the Substitute Premises considered as vacant and in the "as is" condition existing on the Substitute Premises Renewal Term Commencement Date and (b) the term "Base Real Estate Taxes" shall mean the R.E. Tax Share of the Real Estate Taxes for the Tax Year commencing on the July 1st prior to the Substitute Premises Commencement Date and ending on the June 30th following the Substitute Premises Renewal Term Commencement Date and the term "Base COM" shall mean the O.E. Share of the Cost of Operation and Maintenance for the Computation Year commencing on the January 1st prior to the Substitute Premises Commencement Date and ending on the December 31st following the Substitute Premises Renewal Term Commencement Date. Within 60 days prior to the Substitute Premises Renewal Term Commencement Date, Landlord shall deliver to Tenant Landlord's determination of the Substitute Premises Fair Market Value.

(d) If Tenant shall dispute Landlord's determination of the Substitute Premises Fair Market Value, Tenant shall give notice to Landlord of such dispute within 10 Business Days after the delivery of Landlord's determination to Tenant, and such dispute shall be determined by a single arbitrator appointed in accordance with the American Arbitration Association Real Estate Valuation Arbitration Proceeding Rules.

The arbitrator shall be impartial and shall have not less than 10 years' experience in the County of New York related to the leasing of commercial retail space in buildings comparable to the Building, and the fees of the arbitrator shall be shared by Landlord and Tenant. Within 30 days following the appointment of the arbitrator, Landlord and Tenant shall attend a hearing before the arbitrator at which each party shall submit a report setting forth its determination of the Substitute Premises Fair Market Value, together with such information on comparable rentals and such other evidence as such party shall deem relevant. The arbitrator shall, within 30 days following such hearing and submission of evidence, render his or her decision by selecting the determination of the Substitute Premises Fair Market Value submitted by either Landlord or Tenant which, in the judgment of the arbitrator, most nearly reflects the Substitute Premises Fair Market Value. The arbitrator shall have no power or authority to select any Substitute Premises Fair Market Value other than the Substitute Premises Fair Market Value submitted by Landlord or Tenant or to modify any provisions of the Lease, and the decision of the arbitrator shall be final and binding upon Landlord and Tenant. Prior to the determination of the arbitrator, Tenant shall pay fixed rent based on Landlord's determination of the Substitute Premises Fair Market Value, submitted to Tenant pursuant to Paragraph 6(c), and following the arbitrator's final determination, the amount of any overpayment or underpayment shall be adjusted between the parties.

(e) Landlord and Tenant, at either party's request, shall promptly execute and deliver an appropriate agreement evidencing the extension of the term of the Lease for the Substitute Premises Renewal Term and the terms thereof in a form reasonably satisfactory to both parties, but no such agreement shall be necessary in order to make the provisions of this Paragraph 6 effective.

7. Modifications. Effective as of the date hereof, the Original Lease is amended as follows:

(a) Section 1.3 of the Original Lease is deleted in its entirety and the following inserted in place thereof:

"The Premises may be used for the following, but no other purposes, namely: (i) with respect to the Shop Premises, the retail sale and service of goods, to include watches, jewelry, personal accessories and other items manufactured by or for distribution and sale by Tenant named herein or any of its Affiliates, sold under the brand name Movado or under any trademark owned or licensed to the Tenant named herein or any of its Affiliates or produced under or for its or their labels, other items typically sold in stores operated by the Tenant named herein or its Affiliates and general support offices and service and (ii) with respect to the Storage Premises, storage in connection with Tenant's business in the Shop Premises; provided, however, the foregoing clause (i) shall not apply to an

Assignee of Tenant which satisfies the conditions set forth in Article 38 of the Lease and in addition, whose use of the Premises shall be a first-class lawful retail use acceptable to Landlord."

(b) Article Three of the Original Lease is amended by adding the following provision after Section 3.5:

"3.6. Neither Tenant nor any Tenant Party shall (a) conduct or permit to be conducted any Broadcast activities or video production activities from any area of the Center, (b) install or display any signs, symbols or logos within the Center which are commonly identified with any Broadcast or cable network or any Broadcast or video production activities or (c) use or permit the use of Protected Zone Images in any Broadcast. "Broadcast" means the transmission of video programming, including news footage clips, by any means, including over-the-air television broadcasting, cable television distribution and the like, and including successor distribution technologies which are comparable to the foregoing (but "Broadcast" shall not be deemed to include teleconferencing, private video telephone communications or other similar means of video transmission which are not intended for public distribution). "Protected Zone Images" means visual images of the area (or any portion thereof) consisting of the Plaza, the Plaza Street, the Channel Gardens, the Center skating rink and areas adjacent thereto as shown on the diagram of the Protected Zone attached to the First Amendment to Lease as Exhibit D."

(c) Section 6.1 of the Original Lease is amended by adding the following provision after subsection (k) thereof:

"(l) TENANT IS HEREBY NOTIFIED THAT THE PREMISES ARE SUBJECT TO THE JURISDICTION OF THE LANDMARKS PRESERVATION COMMISSION. IN ACCORDANCE WITH SECTIONS 25-305, 25-306, 25-309 AND 25-310 OF THE ADMINISTRATIVE CODE OF THE CITY OF NEW YORK AND THE RULES SET FORTH IN TITLE 63 OF THE RULES OF THE CITY OF NEW YORK, ANY DEMOLITION, CONSTRUCTION, RECONSTRUCTION, ALTERATION OR MINOR WORK AS DESCRIBED IN SUCH SECTIONS AND SUCH RULES MAY NOT BE COMMENCED WITHIN OR AT THE PREMISES WITHOUT THE PRIOR WRITTEN APPROVAL OF THE LANDMARKS PRESERVATION COMMISSION. TENANT IS NOTIFIED THAT SUCH DEMOLITION, CONSTRUCTION, RECONSTRUCTION, ALTERATION OR MINOR WORK INCLUDES, BUT IS NOT LIMITED TO, (a) WORK TO THE EXTERIOR OF THE PREMISES INVOLVING WINDOWS, SIGNS, AWNINGS, FLAGPOLES, BANNERS AND STOREFRONT ALTERATIONS AND (b) INTERIOR WORK TO THE PREMISES THAT (i) REQUIRES A PERMIT FROM THE DEPARTMENT OF BUILDINGS OR (ii) CHANGES, DESTROYS OR AFFECTS AN INTERIOR ARCHITECTURAL FEATURE OF

AN INTERIOR LANDMARK OR AN EXTERIOR ARCHITECTURAL FEATURE OF AN IMPROVEMENT THAT IS A LANDMARK OR LOCATED ON A LANDMARK SITE OR IN A HISTORIC DISTRICT."

(d) Article Fourteen of the Original Lease is modified by (i) deleting Landlord's address set forth therein and replacing such address with the following addresses:

"RCPI Trust, c/o Tishman Speyer Properties, L.P., 45 Rockefeller Plaza, New York, New York 10111, Attention: Property Manager - 610 Fifth Avenue, with copies to (1) Office of the Center, 45 Rockefeller Plaza, New York, New York 10111, Attention: General Counsel, (2) Office of the Center, 45 Rockefeller Plaza, New York, New York 10111, Attention: Controller, and (3) Tishman Speyer Properties, L.P., 520 Madison Avenue, New York, New York 10022, Attention: General Counsel"; and

(ii) deleting Tenant's address set forth therein and replacing such address with the following addresses:

"Movado Group, Inc., 125 Chubb Avenue, Lyndhurst, New Jersey 07071, Attention: President, with a copy to, Attention: Senior Vice President Administration and with a copy to, Attention: General Counsel".

(e) Article Twenty-Five of the Original Lease is amended by adding the following provision after Section 25.13 thereof:

"25.14. Unless Landlord shall render notice to Tenant to the contrary, Tishman Speyer Properties, L.P. is authorized to act as Landlord's agent ("Landlord's Agent") in connection with the performance of this Lease, and Tenant shall direct all correspondence and requests to, and shall be entitled to rely upon correspondence received from, Tishman Speyer Properties, L.P., as agent for Landlord in accordance with Article Fourteen. Tenant acknowledges that Tishman Speyer Properties, L.P. is acting solely as agent for Landlord in connection with the foregoing; and neither Tishman Speyer Properties, L.P. nor any of its direct or indirect partners, officers, shareholders, directors, employees, principals, agents or representatives shall have any liability to Tenant in connection with this Lease, and Tenant waives any and all claims against any and all of such parties arising out of, or in any way connected with, this Lease, the Building or the Center."

(f) Article Thirty-Seven of the Original Lease is deleted in its entirety.

8. Brokerage. Each of Landlord and Tenant represents and warrants to the other that it has not dealt with any broker in connection with this Amendment other than Tishman Speyer Properties, L.P. ("Broker") and that, to the best of its knowledge, no other broker negotiated this Amendment or is entitled to any fee or

commission in connection herewith. Landlord shall pay Broker any commission which may be due in connection with this Amendment pursuant to a separate agreement. Each of Landlord and Tenant shall indemnify, defend, protect and hold the other party harmless from and against any and all losses, liabilities, damages, claims, judgments, fines, suits, demands, costs, interest and expenses of any kind or nature (including reasonable attorneys' fees and disbursements) incurred in connection with any claim, proceeding or judgment and the defense thereof which the indemnified party may incur by reason of any claim of or liability to any broker, finder or like agent (other than Broker) arising out of any dealings claimed to have occurred between the indemnifying party and the claimant in connection with this Amendment, or the above representation being false. The provisions of this Paragraph 8 shall survive the expiration or earlier termination of the term of the Lease.

9. Representations and Warranties. Tenant represents and warrants to Landlord that, as of the date hereof, (a) the Original Lease is in full force and effect and has not been modified except pursuant to this Amendment; (b) to the best of Tenant's knowledge, there are no defaults existing under the Lease; (c) to the best of Tenant's knowledge there exist no valid abatements, causes of action, counterclaims, disputes, defenses, offsets, credits, deductions, or claims against the enforcement of any of the terms and conditions of the Lease; and (d) this Amendment has been duly authorized, executed and delivered by Tenant and constitutes the legal, valid and binding obligation of Tenant.

10. Miscellaneous. (a) Except as set forth herein, nothing contained in this Amendment shall be deemed to amend or modify in any respect the terms of the Original Lease and such terms shall remain in full force and effect as modified hereby. If there is any inconsistency between the terms of this Amendment and the terms of the Original Lease, the terms of this Amendment shall be controlling and prevail.

(b) This Amendment contains the entire agreement of the parties with respect to its subject matter and all prior negotiations, discussions, representations, agreements and understandings heretofore had among the parties with respect thereto are merged herein.

(c) This Amendment may be executed in duplicate counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.

(d) This Amendment shall not be binding upon Landlord or Tenant unless and until Landlord shall have delivered a fully executed counterpart of this Amendment to Tenant.

(e) This Amendment shall be binding upon and inure to the benefit of Landlord and Tenant and their successors and permitted assigns.

(f) This Amendment shall be governed by the laws of the State of New York without giving effect to conflict of laws principles thereof.

(g) The captions, headings, and titles in this Amendment are solely for convenience of reference and shall not affect its interpretation.

11. Reaffirmation of Guaranty. By execution of this Amendment, Guarantor hereby confirms that its obligations under the Guaranty are hereby ratified and shall remain and continue in full force and effect with respect to the Lease.

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

LANDLORD:

RCPI TRUST

By: Tishman Speyer Properties, L.P., its Agent

By: _____
Geoffrey P. Wharton

TENANT:

MOVADO RETAIL GROUP, INC.

By: _____
Name:
Title:

GUARANTOR AGREES TO BE BOUND BY
THE PROVISIONS OF PARAGRAPH 11 OF
THIS FIRST AMENDMENT TO LEASE:

MOVADO GROUP, INC.

By: _____

Name:

Title:

EXHIBIT A-1

SUBSTITUTE PREMISES STREET LEVEL FLOOR PLAN

The floor plan which follows is intended solely to identify the general location of Space '9', located on the Street Floor of the Building and should not be used for any other purpose. All areas, dimensions and locations are approximate, and any physical conditions indicated may not exist as shown.

SUBSTITUTE PREMISES SUBBASEMENT FLOOR PLAN

The floor plan which follows is intended solely to identify the general location of Space 'E' located on the Subbasement Floor of the Building, and should not be used for any other purpose. All areas, dimensions and locations are approximate, and any physical conditions indicated may not exist as shown.

EXHIBIT B

HEATING, VENTILATION AND AIR CONDITIONING SPECIFICATIONS

The HVAC System shall be capable of providing these minimum requirements in accordance with the following conditions: with lighting and power demands not exceeding 4.0 watts per usable square foot and an occupancy of not more than one person per 150 usable square feet and an outside air quantity of 0.20 cfm per usable square foot or 20 cfm per person:

During summer months:

Indoor temperature of 76 degrees Fahrenheit (plus or minus 2 degrees Fahrenheit) dry bulb when outdoor conditions are 89 degrees Fahrenheit dry bulb and 73 degrees Fahrenheit wet bulb.

During winter months:

Indoor temperature of 72 degrees Fahrenheit dry bulb when outdoor conditions are 15 degrees Fahrenheit dry bulb.

EXHIBIT C
SIGNAGE DRAWINGS

SEE ATTACHED.

EXHIBIT D

PROTECTED ZONE

Exhibit 10.38

FLEET BANK, N.A.

PROMISSORY NOTE

\$15,000,000.00

November 10, 1997

Office Address: 1185 Avenue of the Americas
New York, New York 10036

On February 10, 1998 (the "Maturity Date"), for value received, MOVADO GROUP, INC. (the "Borrower") promises to pay to the order of FLEET BANK, NATIONAL ASSOCIATION (the "Bank") at the office of the Bank located at the place first above stated or at such other place as the holder hereof may from time to time appoint in writing, in lawful money of the United States of America in immediately available funds, the principal sum of Fifteen Million and 00/100 (\$15,000,000.00) Dollars or such lesser amount as may then be the aggregate unpaid principal balance of all loans made by the Bank to the Borrower hereunder (each a "Loan" and collectively the "Loans") as shown on the schedule attached to and made a part of this Note. The Borrower also promises to pay interest (computed on the basis of a 360 day year for actual days elapsed) at said office in like money on the unpaid principal amount of each Loan from time to time outstanding at a rate per annum, to be elected by the Borrower at the time each Loan is made, equal to either (i) a fluctuating rate equal to the Prime Rate, which rate will change when and as the Prime Rate changes (a Loan bearing interest at this rate is sometimes hereinafter called a "Prime Loan"), (ii) a fixed rate of .30% (30 basis points) per annum plus LIBOR for an Interest Period of 1, 2 or 3 months (a Loan bearing interest at this rate is sometimes hereinafter called a "LIBOR Loan"), or (iii) a fixed rate as may be agreed upon between the Borrower and the Bank for an Interest Period which is also then agreed upon (a Loan bearing interest at this rate is sometimes hereinafter called an "Agreed Rate Loan"; Agreed Rate Loans and LIBOR Loans are sometimes collectively referred to as "Fixed Rate Loans"); provided, however, that no Interest Period with respect to a Fixed Rate Loan shall extend beyond the Maturity Date; and provided, further, that if prior to the end of any such Interest Period the Borrower and the Bank fail to agree upon a new Interest Period therefor so as to maintain such Loan as

either a LIBOR Loan or an Agreed Rate Loan within the pertinent time set forth in Section 1 hereof, such Fixed Rate Loan shall automatically be converted into a Prime Loan at the end of such Interest period and shall be maintained as such until a new Fixed Rate and a new Interest Period therefor are agreed upon. Interest on each Loan shall be payable monthly on the first day of each month commencing the first such day to occur after a Loan is made hereunder and, together with principal, on the Maturity Date. Interest on Fixed Rate Loans shall also be payable on the last day of each Interest Period applicable thereto. The Borrower further agrees that after any stated or any accelerated maturity of Loans hereunder, all Loans shall bear interest (computed daily) at, (i) with respect to Fixed Rate Loans, a rate equal to the greater of 4% per annum in excess of the applicable fixed rate and 4% per annum in excess of the rate applicable to Prime Loans, payable on demand, and (ii) with respect to Prime Loans, a rate equal to 4% per annum in excess of the rate applicable to Prime Loans, payable on demand. Furthermore, if the entire amount of any principal and/or interest required to be paid pursuant to this Note is not paid in full within ten (10) days after the same is due, the Borrower shall further pay to the Bank a late fee equal to five percent (5%) of the required payment. In no event shall interest payable hereunder be in excess of the maximum rate of interest permitted under applicable law.

All payments made in connection with this Note shall be in lawful money of the United States in immediately available funds. The Borrower hereby expressly authorizes the Bank to record on the attached schedule the amount and date of each Loan, the rate of interest thereon, Interest Period thereof and the date and amount of each payment of principal. All such notations shall be presumptive as to the correctness thereof; provided, however, the failure of the Bank to make any such notation shall not limit or otherwise affect the obligations of the Borrower under this Note.

In consideration of the granting of the Loans evidenced by this Note, the Borrower hereby agrees as follows:

1. Loan Requests. Requests for LIBOR Loans, and for Interest Periods subsequent to the initial Interest Period applicable thereto, shall be made not less than three Business Days prior to the first day of each Interest Period for each such Loan. Requests for Agreed Rate Loans and Prime Loans may

be made up until 1 p.m. on the date the Loan is to be made. Any request for a Loan may be written or oral, but if oral, written confirmation thereof must be received by the Bank within 3 Business Days thereafter. The Bank shall have no obligation to make any Loan hereunder.

2. Prepayment. The Borrower may prepay any Prime Loan at any time in whole or in part without premium or penalty. Each such prepayment shall be made together with interest accrued thereon to and including the date of prepayment. Fixed Rate Loans may not be prepaid except as provided under Paragraph 3 of this Note.

3. Indemnity; Yield Protection. If, at any time (i) the interest rate on any Loan is a Fixed Rate, and (ii) the Bank in its sole discretion should determine that current market conditions can accommodate a prepayment request, the Borrower shall have the right at any time and from time to time to prepay the Loan in whole (but not in part), and the Borrower shall pay to the Bank a yield maintenance fee in an amount computed as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the maturity date of the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made, shall be subtracted from the Cost of Funds component of the fixed rate in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made. Said amount shall be reduced to present value calculated by using the number of days remaining in the designated term and using the above-referenced United States Treasury security rate and the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made. The resulting amount shall be the yield maintenance fee due to the Bank upon prepayment of the Fixed Rate Loan. Each reference in this paragraph to "Fixed Rate Election" shall mean the election by the Borrower pursuant to Section 1 of this Promissory Note.

If by reason of an Event of Default the Bank elects to declare the Loan to be immediately due and payable, then any yield maintenance fee with respect to the Loan shall become due and payable in the same manner as though the Borrower had exercised such right of prepayment.

For the purpose of this Section 3 the determination by the Bank of such losses and reasonable expenses shall be conclusive if made reasonably and in good faith.

4. Increased Costs. If the Bank determines that the effect of any applicable law or government regulation, guideline or order or the interpretation thereof by any governmental authority charged with the administration thereof (such as, for example, a change in official reserve requirements which the Bank is required to maintain in respect of loans or deposits or other funds procured for funding such loans) is to increase the cost to the Bank of making or continuing Fixed Rate Loans hereunder or to reduce the amount of any payment of principal or interest receivable by the Bank thereon, then the Borrower will pay to the Bank on demand such additional amounts as the Bank may determine to be required to compensate the Bank for such additional costs or reduction. Any additional payment under this section will be computed from the effective date at which such additional costs have to be borne by the Bank. A certificate as to any additional amounts payable pursuant to this Section 4 setting forth the basis and method of determining such amounts shall be conclusive, absent manifest error, as to the determination by the Bank set forth therein if made reasonably and in good faith. The Borrower shall pay any amounts so certified to it by the Bank within 10 days of receipt of any such certificate.

5. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a LIBOR Loan, the Bank shall have determined (a) that dollar deposits in the amount of the requested principal amount of such LIBOR Loan are not generally available in the London interbank market, (b) that the rate at which such dollar deposits are being offered will not adequately and fairly reflect the cost to the Bank of making or maintaining such LIBOR Loan during such Interest Period, or (c) that reasonable means do not exist for ascertaining LIBOR, the Bank shall, as soon as practicable thereafter, give written or telex notice of such determination to the Borrower. In the event of any such determination,

until the circumstances giving rise to such notice no longer exist, no LIBOR Loans will be made hereunder. Each determination by the Bank hereunder shall be conclusive absent manifest error.

6. Change in Legality.

(a) Notwithstanding anything to the contrary herein contained, if any change in any law or regulation or in the interpretation thereof by any governmental authority charged with the administration or interpretation thereof shall make it unlawful for the Bank to make or maintain any LIBOR Loan, then, by written notice to the Borrower, the Bank may:

(i) declare that LIBOR Loans will not thereafter be made by the Bank hereunder, whereupon the Borrower shall be prohibited from requesting LIBOR Loans from the Bank hereunder unless such declaration is subsequently withdrawn; and

(ii) require that all outstanding LIBOR Loans made by it be converted to Prime Loans, in which event (x) all such LIBOR Loans shall be automatically converted to Prime Loans as of the effective date of such notice as provided in paragraph (b) below and (y) all payments and prepayments of principal which would otherwise have been applied to repay the converted LIBOR Loans shall instead be applied to repay the Prime Loans resulting from the conversion of such LIBOR Loans.

(b) For purposes of this Section 6, a notice to the Borrower by the Bank pursuant to paragraph (a) above shall be effective, if lawful, on the last day of the then current Interest Period; in all other cases, such notice shall be effective on the day of receipt by the Borrower.

7. Warranties and Representations. The Borrower represents and warrants that: a) it is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is qualified to do business and is in good standing under the laws of every state where its failure to so qualify would have a material and adverse effect on the business, operations, property or other condition of the Borrower; b) the execution, issuance and delivery of this Note by the Borrower are within its corporate powers and have been duly authorized, and the Note is valid, binding and enforceable in accordance with its terms, and is

not in violation of law or of the terms of the Borrower's Certificate of Incorporation or By-Laws and does not result in the breach of or constitute a default under any indenture, agreement or undertaking to which the Borrower is a party or by which it or its property may be bound or affected; c) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Note, except those as have been obtained; d) the financial statements of the Borrower heretofore furnished to the Bank are complete and correct and fairly represent the financial condition of the Borrower and its subsidiaries as at the dates thereof and for the periods covered thereby, which financial condition has not materially, adversely, changed since the date of the most recently dated balance sheet heretofore furnished to the Bank; e) no Event of Default (as hereinafter defined) has occurred and no event has occurred which with the giving of notice or the lapse of time or both would constitute an Event of Default; f) the Borrower shall not use any part of the proceeds of any Loan to purchase or carry any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to others for the purpose of purchasing or carrying any margin stock; g) there is no pending or, to the knowledge of the Borrower, threatened action or proceeding affecting the Borrower before any court, governmental agency or arbitrator which, if determined adversely to the Borrower would have a materially adverse effect on the financial condition or operations of the Borrower except as described in the financial statements of the Borrower heretofore furnished to the Bank; and h) on the occasion of the granting of each Loan all representations and warranties contained herein shall be true and correct and with the same force and effect as though such representations and warranties had been made on and as of the date of the making of each such Loan.

8. Events of Default. Upon the occurrence of any of the following specified events of default (each an "Event of Default"): a) default in making any payment of principal, interest, or any other sum payable under this Note when due; or b) default by Borrower in the due payment of any other indebtedness for borrowed money or default in the observance or performance of any covenant or condition contained in any agreement or instrument evidencing, securing, or relating to any such indebtedness, which causes or permits the acceleration of the maturity thereof; or c) any representation

or warranty made by the Borrower herein or in any certificate furnished by the Borrower in connection with the Loans evidenced hereby or pursuant to the provisions hereof, proves untrue in any material respect; or d) the Borrower becomes insolvent or bankrupt, is generally not paying its debts as they become due, or makes an assignment for the benefit of creditors, or a trustee or receiver is appointed for the Borrower or for the greater part of the properties of the Borrower with the consent of the Borrower, or if appointed without the consent of the Borrower, such trustee or receiver is not discharged within 30 days, or bankruptcy, reorganization, liquidation or similar proceedings are instituted by or against the Borrower under the laws of any jurisdiction, and if instituted against the Borrower are consented to by it or remain undismissed for 30 days, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower and shall not be released or bonded within 30 days after levy; or e) the Bank shall have determined, in its sole discretion, that one or more conditions exist or events have occurred which have resulted, or may result, in a material adverse change in the business, properties or financial condition of the Borrower; then, in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Bank may declare the principal and the accrued interest in respect of all Loans under this Note to be, whereupon the Note shall become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower.

9. Set-off. At any time, without demand or notice, the Bank may set off all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any affiliate of the Bank, or in transit to any of them, or any part thereof and apply the same to any of the Liabilities even though unmatured and regardless of the adequacy of any other collateral securing the Liabilities. ANY AND ALL RIGHTS TO REQUIRE THE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LIABILITIES, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSIT, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR OR OTHER PARTY OBLIGATED ON THIS NOTE, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED. The term "Liabilities" shall include this Note and all other indebtedness and obligations and liabilities of any kind of

the Borrower to the bank, now or hereafter existing, arising directly between the borrower and the Bank or acquired by assignment, conditionally or as collateral security by the Bank, absolute or contingent, joint and/or several, secure or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect, including, but without limiting the generality of the foregoing, indebtedness, obligations or liabilities to the Bank of the Borrower as a member of any partnership, syndicate, association or other group, and whether incurred by the Borrower as principal, surety, endorser, guarantor, accommodation party or otherwise.

10. Definitions. As used herein:

(a) "Agreed Rate" means, as to any Agreed Rate Loan, the rate then applicable to such Agreed Rate Loan.

(b) "Business Day" means, in respect of any city, any date on which commercial banks are open for business in that city.

(c) "Cost of Funds" means the per annum rate of interest which the Bank is required to pay, or is offering to pay, for wholesale liabilities, adjusted for reserve requirements and such other requirements as may be imposed by federal, state or local government and regulatory agencies, as determined by the Bank.

(d) "Fixed Rate" means either LIBOR plus the applicable margin, or the Agreed Rate.

(e) "Interest Period" means that period selected by the Borrower, within the limitations of the first paragraph of this Note, during which a Fixed Rate Loan may bear interest at the applicable Fixed Rate.

(f) "LIBOR" means, as applicable to any LIBOR Loan, the rate per annum (rounded upward, if necessary, to the nearest 1/32 of one percent) as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan which appears on the Telerate page 3750 as of 11:00 a.m. London time on the day that is two London Business Days preceding the first day of such LIBOR Loan; provided, however, if the rate described above does not appear on the Telerate System on any applicable

interest determination date, the LIBOR rate shall be the rate (rounded upwards as described above, if necessary) for deposits in dollars for a period substantially equal to the interest period on the Reuters Page "LIBO" (or such other page as may replace the LIBO Page on that service for the purpose of displaying such rates), as of 11:00 a.m. (London Time), on the day that is two (2) London Business Days prior to the beginning of such interest period.

If both the Telerate and Reuters system are unavailable, then the rate for that date will be determined on the basis of the offered rates for deposits in U.S. dollars for a period of time comparable to such LIBOR Advance which are offered by four major banks in the London interbank market at approximately 11:00 a.m. London time, on the day that is two (2) London Business Days preceding the first day of such LIBOR Loan as selected by the Calculation Agent. The principal London office of each of the four major London banks will be requested to provide a quotation of its U.S. dollar deposit offered rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in U.S. dollars to leading European banks for a period of time comparable to such LIBOR Loan offered by major banks in New York City at approximately 11:00 a.m. New York City time, on the day that is two London Business Days preceding the first day of such LIBOR Loan. In the event that Bank is unable to obtain any such quotation as provided above, it will be deemed that LIBOR pursuant to a LIBOR Loan cannot be determined.

In the event that the Board of Governors of the Federal Reserve System shall impose a Reserve Percentage with respect to Onotzero deposits of the Bank then for any period during which such Reserve Percentage shall apply, LIBOR shall be equal to the amount determined above divided by an amount equal to 1 minus the Reserve Percentage.

(f) "Prime Rate" means the variable per annum rate of interest so designated from time to time by the Bank as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer.

11. Miscellaneous.

(a) The Borrower agrees to pay on demand all of the costs and expenses, including reasonable counsel fees, in connection with collection of any sums due to the Bank and enforcement of its rights under this Note.

(b) No modification or waiver of any provision of this Note shall be effective unless such modification or waiver shall be in writing and signed by a duly authorized officer of the Bank, and the same shall then be effective only for the period and on the conditions and for the specific instances specified in such writing. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any rights, power or privilege.

(c) The Borrower hereby waives presentment, demand for payment, notice of protest, notice of dishonor, and any and all other notices or demands except as otherwise expressly provided for herein.

(d) This Note shall be construed in accordance with and governed by the laws of the State of New York and the Borrower consents to the jurisdiction of the courts of New York in any action brought to enforce any rights of the Bank under this Note.

(e) The Bank may at any time pledge all or any portion of its rights under this Note and the loan documents executed in connection therewith (the "Loan Documents") to any of the twelve (12) Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release the Bank from its obligations under any of such loan documents.

(f) All agreements between the Borrower (and each guarantor and each other party obligated for payment on this Note) and the Bank are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law"

shall mean the law in effect as of the date hereof provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrower and the Bank in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between each and every Obligor and the Bank.

(g) THE BORROWER AND THE BANK MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY, AND THE BORROWER WAIVES THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM, IN ANY LITIGATION IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BANK TO ACCEPT THIS NOTE AND EXTEND CREDIT TO THE BORROWER.

(h) Upon receipt of an affidavit of an officer of the Bank as to the loss, theft, destruction or mutilation of this Note or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other security document, the Borrower will issue, in lieu thereof, a replacement Note or other security document in the same principal amount thereof and otherwise of like tenor.

(i) This Note shall replace and supersede the Note made by Movado Group, Inc. to the order of the Bank dated

November 6, 1997 in the face amount of \$5,000,000.00 (the "Prior Note"); provided, however, that the execution and delivery of this Note shall not in any circumstance be deemed to have terminated, extinguished or discharged the Borrower's indebtedness under such Prior Note, all of which indebtedness shall continue under and be governed by this Note and the documents, instruments and agreements executed pursuant hereto or in connection herewith. This Note is a replacement, consolidation, amendment and restatement of the Prior Note and IS NOT A NOVATION.

MOVADO GROUP, INC.

By: /s/ Kenneth J. Adams

Name: Kenneth J. Adams
Title: Sr. VP & CFO

LOAN AND REPAYMENT SCHEDULE

PROMISSORY NOTE DATED NOVEMBER 10, 1997

MOVADO GROUP, INC.

to FLEET BANK, NATIONAL ASSOCIATION

Date	Amount of Loan	Rate of Interest	Last Day of Interest Period	Amount of Principal Repayment	Unpaid Principal Balance	Notation Made By

MASTER PROMISSORY NOTE
(NEGOTIATED RATE)

\$10,000,000.00

July __, 1997

For Value Received, MOVADO GROUP, INC., a corporation formed under the laws of New York (the "Borrower"), hereby promises to pay to the order of THE BANK OF NEW YORK (the "Bank") at its One Wall Street New York, New York office, the principal sum of Ten Million and 00/100 Dollars (\$10,000,000.00) or the aggregate unpaid principal amount of all advances made by the Bank to the Borrower (which aggregate unpaid principal amount shall be equal to the amount duly endorsed and set forth opposite the date last appearing on the sheet attached to this note), whichever is less.

The Borrower agrees to pay interest on each advance evidenced hereby at a rate per annum equal to such rate (a "Negotiated Rate") as shall be agreed to between the Bank and the Borrower at the time of such advance but in no event in excess of the maximum amount permitted by law, which Negotiated Rate shall remain fixed until the maturity date (the "Maturity Date") of such advance as shall be agreed to between the Bank and the Borrower at the time of such advance. Any advance evidenced hereby which shall not be paid when due shall bear interest at a rate per annum equal to the prime commercial lending rate of the Bank as publicly announced to be in effect from time to time, such rate to be adjusted automatically, without notice, on the effective date of any change in such rate plus two percent 2%, but in no event in excess of the maximum amount permitted by law. Interest shall be computed on the basis of a 360 day year for the actual number of days elapsed.

Each advance evidenced hereby shall be payable on the Maturity Date of such advance, and the Borrower shall not have the right to prepay any such advance.

Interest on each advance shall be payable on the Maturity Date of such advance. If any payment hereof becomes due and payable on a day other than a business day, such payment shall be extended to the next succeeding business day. If the date for any payment of principal is so extended, interest thereon shall be payable for the extended time.

If the Bank shall make a new advance on a day on which the Borrower is to repay an advance evidenced hereby, the Bank shall apply the proceeds of the new advance to make such repayment and only the amount by which the amount being advanced exceeds the amount being repaid shall be made available to the Borrower in accordance with the terms of this note.

The Borrower hereby authorizes the Bank to accept telephonic instructions from a duly authorized representative of the Borrower to make an advance or receive a payment of an advance, and to endorse on the schedule attached hereto the amount of all advances hereunder and all principal payments hereof received by the Bank, the interest rate applicable to each advance and the Maturity Date of each advance.

At the Borrower's option, the Bank shall credit the Borrower's deposit account in the amount of each advance hereunder on the date of such advance or transfer the proceeds of each advance on the date of such advance to a bank designated by the Borrower for credit to the Borrower's account

maintained at such bank. The Borrower agrees that the actual crediting of the amount of the advance to the Borrower's deposit account or actual transfer of the proceeds of the advance to the bank designated by the Borrower for credit to the Borrower's account maintained at such bank shall constitute conclusive evidence that the advance was made, and neither the failure of the Bank to endorse on the schedule attached hereto the amount of the advance, the interest rate applicable to such advance or the Maturity Date of such advance, nor the failure of the bank designated by the Borrower to credit the proceeds of the advance to the Borrower's account maintained at such bank, shall affect the Borrower's obligations hereunder.

All payments hereof shall be made in lawful money of the United States of America and in immediately available funds.

All advances evidenced by this note together with all accrued interest thereon shall become immediately and automatically due and payable, without demand, presentment, protest or notice of any kind, upon (i) the insolvency, general assignment, receivership, bankruptcy or dissolution of the Borrower or (ii) the occurrence of any Event of Default as defined in the Amended and Restated Credit Agreement dated as of even date herewith among the Borrower, the lenders signatory thereto, The Chase Manhattan Bank, as agent, as swingline bank and as issuing bank, and Fleet Bank, N.A., as co-agent, without giving effect to any amendment, modification, consent or waiver to which the Bank has not agreed or consented. The Borrower does hereby forever waive presentment, demand, protest, notice of protest and notice of nonpayment or dishonor of this note.

The Borrower hereby agrees to pay all costs and expenses incurred by the Bank incidental to or in any way relating to the Bank's enforcement of the obligations of the Borrower hereunder or the protection of the Bank's rights hereunder, including but not limited to, reasonable attorneys' fees and expenses incurred by the Bank.

No failure on the part of the Bank to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise thereof or the exercise of any other right, remedy or power.

Each and every right, remedy and power hereby granted to the Bank or allowed it by law or other agreement shall be cumulative and not exclusive the one of any other, and may be exercised by the Bank from time to time.

Every provision of this note is intended to be severable; if any term or provision of this note shall be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

THE PROVISIONS OF THIS NOTE SHALL BE CONSTRUED AND INTERPRETED AND ALL RIGHTS AND OBLIGATIONS HEREUNDER, DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS. THE BORROWER SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF STATE AND FEDERAL COURTS LOCATED IN THE CITY AND STATE OF NEW YORK IN PERSONAM AND AGREES THAT SUCH COURTS ARE CONVENIENT FORUMS.

THE BORROWER WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF, BASED UPON, OR IN ANY WAY CONNECTED TO, THIS NOTE.

MOVADO GROUP, INC.

Address:
125 Chubb Avenue
Lyndhurst, New Jersey 07071
Attention: John J. Rooney
Corporate Controller

By: /s/ John J. Rooney

Name: John J. Rooney

Title: Corporate Controller

By: /s/ Kenneth J. Adams

Name: Kenneth J. Adams

Title: Sr VP & CFO

Schedule to
Master Promissory Note

Executed By
Movado Group, Inc.

Date of Advance	Amount of Advance	Interest Rate*	Maturity Date of Advance	Amount of Payment	Aggregate Unpaid Principal Amount
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* Insert the actual interest rate.

SUBSIDIARIES OF THE REGISTRANT

All issued and outstanding shares of each of the following subsidiaries are wholly owned, directly or indirectly, by the Registrant except for statutorily required nominee shares in the case of the Hong Kong subsidiaries.

CALIFORNIA:

North American Watch Service Corporation

DELAWARE:

Movado International, Ltd.

NEW JERSEY:

EWC Marketing Corp.

SwissAm, Inc.

Movado Retail Group, Inc.

SWITZERLAND:

Concord Watch Company, S.A.

Movado Watch Company, S.A.

N.A. Trading, Ltd.

Montres Movado Bienne, S.A.

Grandjean, S.A.

CANADA:

Movado Group of Canada, Ltd.

GERMANY:

Movado Deutschland GmbH

Concord Deutschland GmbH

SINGAPORE:

SwissAm Pte., Ltd.

HONG KONG:

SwissAm, Ltd.

SwissAm Products, Ltd.

JAPAN:

Concord Movado Japan Co., Ltd.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-72232 and 333-13927) of Movado Group, Inc. of our report dated March 24, 1998 appearing on page F-1 of this Form 10-K.

PRICE WATERHOUSE LLP
Morristown, New Jersey
April 22, 1998

This schedule contains summary financial information extracted from the consolidated financial statements for the year ended January 31, 1998.

1,000

YEAR		
	JAN-31-1998	
	FEB-01-1997	
	JAN-31-1998	10,874
		0
		92,386
		0
		98,183
	219,649	18,909
		0
	249,069	
	62,546	35,000
	0	0
		129
		145,404
249,069		237,005
	237,005	97,456
		0
		0
	5,383	
	20,573	
		4,731
	15,842	
		0
		0
		0
		15,842
		1.35
		1.29

The amount is reported as EPS Basic and not for EPS Primary.