

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934
FOR FISCAL YEAR ENDED JANUARY 31, 2002,

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)

NEW YORK
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)
125 CHUBB AVENUE
LYNDHURST, NEW JERSEY
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

13-2595932
(I.R.S. EMPLOYER
IDENTIFICATION NO.)
07071
(ZIP CODE)

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 23, 2001, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$212,749,776. 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 23, 2001 were 9,797,776 and 3,509,733 respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to Registrant's 2001 annual meeting of shareholders (the "Proxy Statement") are incorporated by reference in Part III hereof.

PART I

Item 1. Business

CORPORATE ORGANIZATION

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. Unless the context indicates otherwise all references to the "Company" or "MGI" include Movado Group, Inc. and its subsidiaries. The Company was incorporated in New York in 1967 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. On February 22, 1999, the Company completed the sale of its Piaget business to VLG North America, Inc. ("VLG") and on January 14, 2000, the Company completed the sale of its Corum business to Corum Reis Bannwart & Co. SA ("Corum Switzerland").

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. The Movado brand was established in 1881 and has since become the flagship brand of the Company.

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

The Company operates internationally through wholly owned subsidiaries in Switzerland, Hong Kong, Japan and Singapore. Its executive offices are located in Paramus, New Jersey with operations throughout the United States and Canada.

INDUSTRY OVERVIEW

The largest markets for watches are North America, Western Europe and the Far East. According to the Federation of the Swiss Watch Industry, Swiss finished watch production was 27.8 million units or approximately 10.5 billion Swiss francs in 2001, an increase of 4% or 0.4 million Swiss francs above 2000 production. This increase was due to the average unit price increasing from 312 Swiss francs per unit in 2000 to 367 Swiss francs per unit in 2001 offset by an 11.5% decline in Swiss watch unit production. The Company's Swiss watch brands include Movado, Concord, ESQ and Coach.

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

MARKET CATEGORY	SUGGESTED RETAIL PRICE RANGE	PRIMARY CATEGORY OF MOVADO GROUP, INC. BRANDS
Exclusive	\$10,000 and over	Concord
Luxury	\$1,000 to \$9,999	Concord and Movado
Premium	\$500 to \$999	Movado and Coach
Moderate	\$125 to \$499	ESQ and Coach
Fashion Watch Market	\$55 to \$124	Tommy Hilfiger
Mass Market	Less than \$55	-

The Company's Concord watches compete primarily in the Luxury category of the market, although certain Concord watches compete in the Exclusive category. The Company's Movado watches compete primarily in the Premium category of the market, although certain Movado watches compete in the Luxury category. The Company's Coach brand competes in both the Premium and Moderate categories. The ESQ line competes in the Moderate category of the market. The Company entered the Fashion Watch Market category in March 2001 with the launch of the Tommy Hilfiger line of watches manufactured, distributed and marketed under a license agreement with Tommy Hilfiger Licensing, Inc. The Company does not sell watches 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 Concord and Movado watches, well-known brand names of Exclusive watches include Audemars Piguet, Patek Philippe, Piaget and Vacheron Constantin.

Luxury Watches

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

Premium Watches

The majority of Premium watches are quartz-analog watches. These watches typically are made with gold finish, stainless steel or a combination of gold finish and stainless steel. Premium watches are manufactured primarily in Switzerland, although some are manufactured in the Far East. In addition to a

majority of the Company's Movado and Coach watches, well-known brand names of Premium watches include Gucci, Rado and Raymond Weil.

Moderate Watches

Most Moderate watches are quartz-analog watches. Moderate watches are manufactured primarily in 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 category include Anne Klein, Bulova, Gucci, Guess, Seiko, Citizen and Wittnauer.

Fashion Watch Market Watches

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

Mass Market Watches

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

PRODUCTS

During fiscal 2002, the Company marketed five distinctive brands of watches: Movado, Concord, ESQ, Coach and Tommy Hilfiger, which compete in the Exclusive, Luxury, Premium, Moderate and Fashion Watch Market categories. The Company designs, manufactures and contracts for the assembly of Movado and Concord watches primarily in Switzerland for sale throughout the world. ESQ and Tommy Hilfiger watches are manufactured to the Company's specifications by independent contractors located in the Far East. ESQ watches are presently sold primarily in North America and the Caribbean. Tommy Hilfiger watches are presently sold in North America, the Caribbean, Latin America and South America. Coach watches

are assembled in Switzerland by independent suppliers and sold primarily in North America, the Caribbean and the Far East.

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 have Swiss movement and are made with 14 or 18 karat gold, 18 karat gold finish, stainless steel or a combination of 18 karat gold finish and stainless steel. The majority of Movado watches have suggested retail prices between approximately \$395 and \$5,000.

Concord

Concord was founded in 1908 in Bienne, Switzerland. All Concord watches have Swiss movements, either quartz or mechanical. 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.

Coach

During fiscal 1999, the Company introduced Coach watches under an exclusive license with Coach, Inc. All Coach watches contain Swiss movements and are made with stainless steel, gold finish or a combination of stainless steel and gold finish with leather straps, stainless steel bracelets or gold finish bracelets. The suggested retail prices range from \$195 to \$795.

ESQ

ESQ was launched in the second half of fiscal 1993 under an exclusive license agreement with The Hearst Corporation. All ESQ watches contain Swiss movements and are made with stainless steel, gold finish or a combination of stainless steel and gold finish, with leather straps, stainless steel bracelets or gold finish bracelets. The ESQ brand consists of sport and fashion watches with suggested retail prices ranging from \$125 to \$495, with features and styles comparable to more expensive watches.

Tommy Hilfiger

The Company launched Tommy Hilfiger watches in March 2001, under an exclusive agreement with Tommy Hilfiger Licensing, Inc., marketed under the TOMMY HILFIGER(R) and TOMMY(R) labels. Tommy Hilfiger watches feature quartz, digital and analog-digital movements, with stainless steel, titanium, aluminum, silver-tone, two-tone and gold-tone cases and bracelets, and leather, fabric, plastic and rubber straps. The line includes fashion and sport models with suggested retail prices from \$55 to \$195.

Retail Operations

The Company operates in two sectors of the retail industry the luxury boutique market and the outlet market. During fiscal 2002, retail sales amounted to \$47.2 million or 15.7% of consolidated net sales. At January 31, 2002, the Company's retail operations consisted of 10 Movado Boutiques and 25 outlet stores. The Movado Boutiques, the first of which opened in 1998, sell selected models of Movado watches as well as proprietary jewelry, tabletop and personal accessory lines. The jewelry, tabletop and personal accessory lines are sold exclusively in the Movado Boutiques. The outlet stores sell discontinued models and factory seconds of all of the Company's watch brands.

Other Revenue

Other revenue includes sales from the Company's after sales service, watch repair operations and shipping income. During fiscal 2002, other revenue amounted to \$8.8 million or 3.0% of consolidated net sales.

WARRANTY AND REPAIR

The Company has service facilities around the world including seven Company-owned service facilities and approximately 180 authorized independent service centers worldwide. The Company conducts training sessions for and distributes technical information and updates to repair personnel in order to maintain consistency and quality at its service facilities and authorized independent service centers. The Company's products are covered by limited warranties against defects in materials and workmanship for periods ranging from 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.

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

ADVERTISING

Advertising is important to the successful marketing of the Company's watches. Hence, the Company devotes significant resources to advertising. Since 1972, the Company has maintained its own in-house advertising department which the Company restructured to focus primarily on the implementation and management of global marketing and advertising strategies. The Company utilizes the creative development of advertising campaigns from outside agencies. Advertising expenditures totaled approximately 19.0%, 19.4% and 21.0% of net sales in fiscal 2002, 2001 and 2000, 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 and is developed 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 radio and television campaigns, catalogues, outdoor and promotional materials.

SALES AND DISTRIBUTION

Overview

The Company divides its business into two business segments, wholesale and retail. Within wholesale there are two major geographic segments: "Domestic," which includes the results of the Company's North American and Caribbean operations and "International," which includes the results of all other Company operations. The Company's international operations are principally conducted in Europe, the Middle East and the Far East. The retail business segment operates exclusively within the United States.

Domestic Wholesale

The Company sells all of its brands in the domestic market primarily through major jewelry store chains such as Zales, Sterling, Helzberg and Fred Meyer; department stores, such as Saks, Nieman-Marcus, Macy's and Finlay and independent jewelers. Sales to trade customers in the United States and Canada are made directly by the Company's sales organization of approximately 103 employees. The sales organization is comprised of a sales force who typically specialize in a particular brand and whose compensation is predominantly on a sales commission basis. The sales force is supported by account executives and customers are serviced by multi-brand sales representatives who are compensated based on salary and incentives. Zale Corporation accounted for 9%, 10% and 13% of the Company's consolidated net sales for fiscal 2002, 2001 and 2000, respectively. At January 31, 2002 and 2001, the same trade customer accounted for 13% and 11% of consolidated trade receivables, respectively.

International Wholesale

The Company sells Movado, Concord and Coach watches internationally through its own sales force of approximately 28 employees operating from the Company's sales and distribution offices in Hong Kong, Singapore and Switzerland, and also through a network of approximately 77 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

The Company operates in two retail sectors, the luxury boutique market and the outlet market. The Company operates 10 Movado Boutiques in the luxury boutique market where Movado watches are sold as well as Movado jewelry, tabletop accessories and other product line extensions. In the outlet market the Company operates 25 outlet stores, which sell the Company's discontinued models and factory seconds, providing the Company with an organized and efficient method of reducing inventory without competing directly with trade customers.

BACKLOG

At March 31, 2002, the Company had unfilled customer orders of approximately \$42.7 million, compared to approximately \$45.8 million at March 31, 2001. The Company believes the backlog is affected by a variety of factors, including seasonality and the scheduling of the manufacture and shipment of products.

SOURCES AND AVAILABILITY OF SUPPLIES

Concord watches are generally assembled at the Company's manufacturing facility in Bienne, Switzerland with some off-site assembly performed principally by independent Swiss watchmakers. Movado watches are assembled primarily in Switzerland by independent third party subcontract assemblers. Movado and Concord watches are assembled using Swiss movements and other components obtained from third party suppliers. Coach watches are assembled in Switzerland by independent assemblers using Swiss movements and other components obtained from third party suppliers in Switzerland and elsewhere. ESQ and Tommy Hilfiger watches are assembled by independent contractors in the Far East. ESQ watches are manufactured using Swiss movements and other components purchased from third party suppliers principally located in the Far East. Tommy Hilfiger watches are manufactured using movements and other components purchased from third party suppliers 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 and Switzerland. The Company does not have long-term supply contract commitments with any of its component parts suppliers.

COMPETITION

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

TRADEMARKS, PATENTS AND LICENSE AGREEMENTS

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

The Company licenses ESQUIRE(R), ESQ(R) and related trademarks on an exclusive basis for use in connection with the manufacture, distribution, advertising and sale of watches pursuant to an agreement with The Hearst Corporation ("Hearst License

Agreement"). The current term of the Hearst License Agreement expires December 31, 2003 but contains options for renewal at the Company's discretion through December 31, 2018.

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

In June 1999, the Company entered into a license agreement with Tommy Hilfiger Licensing, Inc. ("THLI"). The initial term expires December 31, 2005 but can be extended at the request of the Company through December 31, 2010 if it is in compliance with all material terms of the agreement. Under the agreement with THLI, the Company has been granted the exclusive license to use the trademark TOMMY HILFIGER(R) and related trademarks in connection with the manufacture of watches worldwide and in connection with the marketing, advertising, sale and distribution of watches at wholesale (and at retail through its outlet stores) in North America, the Caribbean, duty free and U.S. military shops worldwide. In addition, the Company has been granted the right to sell such watches in Latin and South America.

In connection with the sale of the Piaget business to VLG, and the Corum business to Corum Switzerland, the Company assigned the trademark PIAGET(R) for watches and jewelry and certain related trademarks in the United States to VLG and assigned the trademark CORUM(R) and certain related trademarks in the United States to Corum Switzerland.

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

The Company actively seeks to protect and enforce its intellectual property rights by working with industry associations, anti-counterfeiting organizations, private investigators and law enforcement authorities, including the United States Customs Service and, when necessary, sues infringers of its trademarks and patents. Consequently, the Company is involved from time to time in litigation or other proceedings to determine the enforceability, scope and validity of these rights. With respect to the trademarks MOVADO(R) 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 January 31, 2002, the Company has approximately 878 full-time employees in its domestic and international operations. No employee of the Company is represented by a labor union or is subject to a collective bargaining agreement. The Company has never experienced a work stoppage due to labor difficulties and believes that its employee relations are good.

FINANCIAL INFORMATION ABOUT OPERATING SEGMENTS, SEASONALITY, FOREIGN AND DOMESTIC OPERATIONS

The Company divides its business into two business segments, wholesale and retail. Within wholesale there are two major geographic segments: "Domestic," which includes the results of the Company's North American and Caribbean operations, and "International," which includes the results of all other Company operations. The Company's international operations are principally conducted in Europe, the Middle East and the Far East and its international assets are substantially located in Europe.

The Company's domestic sales are traditionally greater during the Christmas and holiday season and are significantly more seasonal than its international sales. Consequentially, 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 55.0%, 59.6% and 60.3% of the Company's net sales for the fiscal years ending January 31, 2002, 2001 and 2000, 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 Eastern and Far Eastern markets.

The Company's wholesale segment includes the design, manufacture and distribution of quality watches. The Company's retail segment which is operated exclusively within the United States, includes the Company's Movado Boutiques and outlet operations. See Note 14 to the Consolidated Financial Statements for financial information regarding segment data.

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
Moonachie, New Jersey	Watch assembly, distribution and repair	100,000	May 2010
Paramus, New Jersey	New executive offices	63,600	June 2013
Lyndhurst, New Jersey	Former watch assembly, distribution and repair	56,600	May 2002
Bienne, Switzerland	Corporate functions, watch sales, distribution, assembly and repair	53,600	January 2007
Markham, Canada	Office and distribution	11,200	June 2007
Hong Kong	Watch sales, distribution and repair	8,800	June 2004
Hackensack, New Jersey	Warehouse	6,600	July 2004
New York, New York	Public Relations Office	4,900	April 2008
Los Angeles, California	Watch repair	3,000	December 2002
Grenchen, Switzerland	Watch sales	2,800	December 2005
Coral Gables, Florida	Caribbean Office	1,500	November 2006
Japan	Watch sales	1,500	Month to month
Singapore	Watch sales, distribution and repair	1,100	August 2004

The Company believes that its existing facilities are suitable and adequate for its current operations. During fiscal 2002, the Company vacated and subleased the Lyndhurst, New Jersey location. The Company expects no effect to its operating expenses in fiscal 2003 with regards to the Lyndhurst, New Jersey location. The Company leases retail space averaging 1,500 square feet per store with leases expiring from June 2002 to June 2013 for the operation of the Company's 25 outlet stores. The Company also leases retail space for the operation of nine Movado Boutiques averaging 1,960 square feet per store and its flagship Movado Boutique in New York City which is 4,700 square feet under leases expiring from January 2005 to January 2012.

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

Item 3. Legal Proceedings

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

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

No matters were submitted to a vote of shareholders of the Company during the fourth quarter of fiscal 2002.

PART II

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

As of April 9, 2002, there were 46 holders of record of Class A Common Stock and, the Company estimates, approximately 2,346 beneficial owners of the Common Stock represented by 436 holders of record. The Common Stock is traded on the New York Stock Exchange under the symbol "MOV" and on April 9, 2002, the closing price of the Common Stock was \$21.97. The quarterly high and low closing prices for the fiscal years ended January 31, 2002 and 2001 were as follows:

QUARTER ENDED	FISCAL 2002		FISCAL 2001	
	LOW	HIGH	LOW	HIGH
April 30	\$12.75	\$16.69	\$8.57	\$19.08
July 31	\$15.46	\$20.20	\$7.70	\$14.07
October 31	\$14.45	\$19.51	\$13.20	\$17.31
January 31	\$16.30	\$19.45	\$11.50	\$15.59

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

During the fiscal year ended January 31, 2002, the Board of Directors approved four \$0.03 per share quarterly cash dividends to Common Stock and Class A Common Stock shareholders. During the fiscal year ended January 31, 2001, the Board of Directors approved for each of the first three quarters a cash dividend of \$0.025 per share and, for the fourth quarter, approved an increase of the quarterly cash dividend to \$0.03 per share to Common Stock and Class A Common Stock shareholders. The declaration and payment of future dividends, if any, will be at the sole discretion of the Board of Directors and will depend upon the Company's profitability, financial condition, capital and surplus requirements, future prospects, terms of indebtedness and other factors deemed relevant by the Board of Directors. See Notes 4 and 5 to the Consolidated Financial Statements regarding contractual restrictions on the Company's ability to pay dividends.

Item 6. Selected Financial Data

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

	FISCAL YEAR ENDED JANUARY 31,				
	2002	2001	2000	1999	1998
STATEMENT OF INCOME DATA:					
Net sales	\$ 299,725	\$ 320,841	\$ 295,067	\$ 277,836	\$ 237,005
Cost of sales	115,653	123,392	126,667	111,766	97,456
Selling, general and administrative	157,799	163,317	152,631	133,395	113,593
Total expenses	273,452	286,709	279,298	245,161	211,049
Operating income	26,273	34,132	15,769	32,675	25,956
Net interest expense	5,415	6,443	5,372	5,437	5,383
Gain on disposition of business	--	--	4,752	--	--
Income before taxes and cumulative effect	20,858	27,689	15,149	27,238	20,573
Provision for income taxes (1)	3,735	6,922	1,428	6,265	4,731
Income before cumulative effect of a change in accounting principle	17,123	20,767	13,721	20,973	15,842
Cumulative effect of a change in accounting principle	(109)	--	--	--	--
Net income (2)	\$ 17,014	\$ 20,767	\$ 13,721	\$ 20,973	\$ 15,842
Net income per share-Basic	\$ 1.46	\$ 1.78	\$ 1.10	\$ 1.63	\$ 1.35
Net income per share-Diluted (3)	\$ 1.42	\$ 1.75	\$ 1.06	\$ 1.58	\$ 1.29
Basic shares outstanding	11,683	11,651	12,527	12,842	11,736
Diluted shares outstanding	12,007	11,866	12,890	13,256	12,236
Cash dividends declared per share	\$ 0.12	\$ 0.105	\$ 0.10	\$ 0.08	\$ 0.08
BALANCE SHEET DATA (END OF PERIOD):					
Working capital	\$153,932	\$ 154,637	\$ 157,465	\$ 191,033	\$ 157,103
Total assets	290,676	290,405	259,649	296,375	249,069
Long-term debt	35,000	40,000	45,000	55,000	35,000
Shareholders' equity	\$172,470	\$ 159,470	\$ 147,815	\$ 162,608	\$ 145,533

- (1) Reflects a lower estimated tax rate adjustment in fiscal 2002 due to a shift in global sales mix.
- (2) Fiscal 2000, includes a \$8.3 million pre-tax or \$0.46 per share after tax one-time charge and \$4.8 million pre-tax or \$0.28 per share after tax gain from the sale of the Company's Piaget business. Excluding these items, net income would have been \$15.9 million or \$1.24 per share on a diluted basis.
- (3) Fiscal 2002, includes pre-tax expense of \$2.7 million relating to a one-time severance and early retirement charge. Excluding the one-time severance and early retirement charge and income tax rate adjustment, net income would have been \$16.96 million or \$1.41 per diluted share.

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

FORWARD LOOKING STATEMENTS

Statements in this annual report on Form 10-K, including statements under this Item 7 and elsewhere in this report as well as statements in future filings by the Company with the Securities and Exchange Commission ("SEC"), in the Company's press releases and oral statements made by or with the approval of an authorized executive officer of the Company, which are not historical in nature, are intended to be, and are hereby identified as, "forward looking statements" for purposes of the safe harbor provided by 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, changes in consumer preferences and popularity of particular designs, new product development and introduction, competitive products and pricing, seasonality, availability of alternative sources of supply in the case of the loss of any significant supplier, the loss of significant customers, the Company's dependence on key officers, the continuation of licensing arrangements with third parties, ability to secure and protect trademarks, patents and other intellectual property rights, ability to lease new stores on suitable terms in desired markets and to complete construction on a timely basis, continued availability to the Company of financing and credit on favorable terms, business disruptions, general risks associated with doing business outside the United States including, without limitations, import duties, tariffs, quotas, political and economic stability, and success of hedging strategies with respect to currency exchange rate fluctuations.

GENERAL

Wholesale 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 and effectiveness of advertising and marketing expenditures, and product pricing decisions.

Approximately 16% of the Company's total sales are from international markets and therefore reported sales are affected by foreign exchange rates. Significant portions of the Company's international sales are billed in Swiss francs and translated to U.S. dollars at average exchange rates for financial reporting purposes.

The Company's business is seasonal. There are two major selling seasons in the Company's domestic 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. These markets are a less significant portion of the Company's business and, therefore, their impact is far less than that of the selling seasons in North America.

During fiscal 2000, the Company completed the sale of both the Piaget and Corum distribution businesses and substantially all the assets associated with these businesses. Prior to the sale, the Company had been the exclusive distributor of these brands in North America. The Company completed the sale of its Piaget business to VLG in February 1999 and sold its Corum business to Corum Switzerland in January 2000. The disposition of these brands negatively impacted sales in fiscal 2000.

Retail Sales. The Company's retail operations consist of 10 Movado Boutiques and 25 outlet stores located throughout the U.S. The Company does not have any overseas retail operations.

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

Gross Margins. The Company's overall gross margins are primarily affected by four major factors: sales mix, product pricing strategy, manufacturing costs and the U.S. dollar/Swiss franc exchange rate.

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

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

Manufacturing costs of the Company's brands consist primarily of component costs, internal and subcontractor assembly costs and unit overhead costs associated with the Company's supply chain operations in the U.S., Switzerland and the Far East. The Company seeks to control and reduce component and subcontractor labor costs through a combination of negotiations with existing suppliers and alternative sourcing. The Company's supply chain operations consist of logistics management of assembly operations and product sourcing in Switzerland and the Far East and minor assembly in the U.S. Through aggressive productivity improvement efforts, the Company has controlled the level of overhead costs and maintained flexibility in its cost structure by outsourcing a significant portion of its component and assembly requirements and expects to extend this strategy over the near term.

Since a substantial amount of the Company's product costs are incurred in Swiss francs, fluctuations in the U.S. dollar/Swiss franc exchange rate can impact the Company's production costs and, therefore, its gross margins. The Company hedges its Swiss franc purchases using a combination of forward contracts, purchased currency options and spot purchases. The Company's hedging program has, in the recent past, been reasonably successful in stabilizing product costs and gross margins 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 markets around the world in which the Company sells its products.

Selling expenses consist primarily of salaries, sales commissions, sales force 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 rents.

Distribution expenses consist primarily of salaries of distribution staff, occupancy costs, seasonal part-time help and shipping supplies.

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

Operating expenses over the last three fiscal years reflect the effect of the implementation of the Company's growth strategy. The dominant strategies include the launch of the Tommy Hilfiger watch line and the Movado Boutique expansion. The more significant expenses associated with this strategy include advertising and marketing expenses designed to increase market share for all of the Company's watch brands, both domestically and internationally; additions to the Company's sales force; salaries and rents associated with additional outlet stores and the Movado Boutiques; the addition of staff to support distribution, inventory management and customer service requirements to coincide with growth of the Company's business; and general and administrative expenses, such as employee benefits and the development of the Company's information systems infrastructure.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

REVENUE RECOGNITION AND RELATED ALLOWANCES

The Company recognizes its revenue upon transfer of title, or in the case of retail sales, at the time of register receipt. The Company estimates returns and sales and cash discount allowances in the same period the revenue is recorded. These estimates are based upon historical analysis, customer agreements

and/or currently known factors that arise in the normal course of business. If the allowances the Company calculates do not accurately reflect amounts associated with current revenue, actual revenues could be higher or lower than the level recognized.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are reduced by an allowance for amounts that may be uncollectable in the future. Estimates are used in determining our allowance for doubtful accounts and are based on the Company's on-going credit evaluations of our customers and customer payment history and account aging. While the actual bad debt losses have historically been within our expectations and the allowances established, there can be no guarantee that the Company will continue to experience the same bad debt loss rates. As of January 31, 2002, there were no known situations with any of the Company's major customers which would indicate the customer's inability to make the required payments.

INVENTORIES

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

WARRANTY

All watches sold by the Company are covered by limited warranties against defects in material 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 cases and bracelets. The Company records an estimate for future warranty costs based on historical repair costs. Warranty costs have historically been within our expectations and the provisions established. If such costs were to substantially exceed estimates, this could have an adverse affect on the Company's operating results.

INCOME TAXES

The Company's estimated income taxes are calculated in each of the jurisdictions in which it operates. The process involves estimating actual current tax expense along with assessing temporary differences resulting from differing treatment of items for both book and tax purposes. These timing differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company has considered future taxable income and on-going tax planning strategies in assessing the need for a valuation allowance. As a result, the Company has determined a valuation allowance is required for foreign net operating loss carryforwards. The Company will continue to monitor and assess the recoverability of its deferred tax assets in the future for changes to the tax code, change in statutory tax rates and the projected level of taxable income.

OTHER POLICY

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. This standard is considered to be a critical accounting policy, for further information concerning accounting policies, refer to Note 1 of our Consolidated Financial Statements.

RESULTS OF OPERATIONS

The following is a discussion of the results of operations for fiscal 2002 compared to fiscal 2001 and fiscal 2001 compared to fiscal 2000 along with a discussion of the changes in financial conditions during fiscal 2002.

During fiscal 2002, Caribbean net sales were reclassified from International to Domestic. Prior year net sales have been reclassified to conform to the fiscal 2002 presentation. The following are net sales by product class and business segment (in thousands):

	FISCAL YEARS ENDED JANUARY 31,		
	2002	2001	2000
Concord, Movado, Coach, ESQ and Tommy Hilfiger:			
Domestic	\$196,900	\$231,121	\$214,753
International	46,821	44,937	41,912
Retail	47,172	39,303	32,806
Other	8,832	5,480	5,596
Net Sales	\$299,725	\$320,841	\$295,067

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

	JANUARY 31, 2002		FISCAL YEARS ENDED JANUARY 31, 2001		JANUARY 31, 2000	
	\$	% NET OF SALES	\$	% NET OF SALES	\$	% NET OF SALES
Net sales	\$299.7	100.0%	\$320.8	100.0%	\$295.1	100.0%
Cost of sales	115.7	38.6%	123.4	38.5%	126.7	42.9%
Gross profit	184.0	61.4%	197.4	61.5%	168.4	57.1%
Selling, general and administrative expenses	157.8	52.6%	163.3	50.9%	152.6	51.7%
Operating income	26.2	8.8%	34.1	10.6%	15.8	5.4%
Interest expense, net	5.4	1.8%	6.4	2.0%	5.4	1.8%
Gain on disposition of business	--	--	--	--	4.8	1.6%
Income before taxes and cumulative effect	20.8	7.0%	27.7	8.6%	15.2	5.2%
Provision for income taxes	3.7	1.2%	6.9	2.1%	1.4	0.5%
Income before cumulative effect	17.1	5.8%	20.8	6.5%	13.8	4.7%
Cumulative effect of a change in accounting principle	(0.1)	(0.1%)	--	--	--	--
Net income	\$ 17.0	5.7%	\$ 20.8	6.5%	\$ 13.8	4.7%

Net Sales

Total net sales decreased by 6.6% to \$299.7 million in fiscal 2002 from \$320.8 million in fiscal 2001. This decrease was the result of the U.S. recession and the economic conditions resulting from the tragic events surrounding September 11, 2001. Domestic brand sales decreased by 14.8% or \$34.2 million. The domestic sales decline was the result of the economic uncertainty that surrounded the second half of fiscal 2002, which resulted in our retailers delaying their purchases so that they were much closer to their selling season and their reluctance to build their inventory levels. These sales declines were partially offset by the launch of the Tommy Hilfiger brand. International brand sales increased by 4.2% with increases of 5.5% in the Concord brand and 4.3% in the Movado brand.

Sales in the Company's retail segment increased by \$7.9 million or 20.0% due mainly to the Company opening three new outlets and three new Boutiques including our flagship Movado Boutique in New York City. In addition, comparable store sales increased by 7.1% and 4.7% in the Movado Boutiques and outlet stores, respectively. At January 31, 2002, the Company owned and operated 10 Movado Boutiques, including the New York City flagship store and 25 outlets as compared to seven Movado Boutiques and 23 outlets at January 31, 2001.

Other sales, which include domestic and international service and shipping income, increased by 61.2% or \$3.4 million due to an increase in service and shipping revenue.

Gross Margin

Gross margin decreased slightly to 61.4% in fiscal 2002 from 61.5% in fiscal 2001. The decrease on gross margin reflects lower margins in our wholesale segment, which decreased due to a change in the product sales mix offset by higher margins in our retail operations due to higher margin products offered at retail.

Operating Expenses

Operating expenses decreased 3.4% to \$157.8 million in fiscal 2002 from \$163.3 million in fiscal 2001. The decrease in operating expenses related to several areas, including advertising and marketing expense decrease of \$5.3 million or 8.6%; selling expense decrease of \$0.1 million or 0.2%; general and administrative expense decrease of \$3.0 million or 6.3% and somewhat offset by an increase in distribution expense of \$2.9 million or 34.7%.

The decrease in advertising expense was the result of a headcount reduction and a decrease in cooperative advertising programs offset by an increase in media expenditures and costs related to the launch of Tommy Hilfiger.

Selling expense remained flat compared to fiscal 2001 even with an increase in spending for our growth initiatives. During fiscal 2002, the Company opened two Movado Boutiques and our flagship Movado Boutique in New York City, three new outlet stores and costs associated with the Tommy Hilfiger

launch. These investments were offset by decreases in sales commissions and bonuses which declined due to decreased sales.

The decrease in general and administrative expenses is the result of the Company's cost reduction initiatives and a decrease in bonus expense due to the Company not meeting corporate earnings targets. These savings were partially offset by the severance accrual of \$2.7 million recorded in the third quarter of fiscal 2002.

Distribution expense reflects the costs associated with the relocation and expansion to a new state of the art distribution center, which was occupied in February 2001. These expenses include occupancy costs, security systems and depreciation.

Interest Expense

Net interest expense in fiscal 2002 decreased by \$1.0 million from \$6.4 million in fiscal 2001 to \$5.4 million in fiscal 2002. The net decrease was due to a lower average interest rate on the short-term bank borrowings from approximately 8.2% in fiscal 2001 to 4.8% in fiscal 2002, partially offset by an increase of the weighted average short-term bank borrowings. In addition, a \$5.0 million payment on the long-term borrowings was made in January 2001. Interest for this borrowing was reduced by approximately \$0.3 million.

Income Taxes

The Company's income tax provision amounted to \$3.7 million and \$6.9 million in fiscal 2002 and 2001, respectively, or 18% of pretax income for fiscal 2002 and 25% of pretax income for fiscal 2001. During fiscal 2002, the Company's estimated effective annual tax rate changed from 28% to 18%, reflecting a decrease in the Company's U.S. source earnings as a percentage of the overall earnings mix. The tax expense for the third quarter of fiscal 2002 was adjusted for the difference between the 18% annual tax rate versus the 28% tax rate used to record tax expense for the six months ended July 31, 2001. The Company believes that the near term future effective tax rate will stabilize in the 25% to 30% range based on the Company's current expectation that domestic earnings will gradually increase as a percentage of the overall earnings mix. However, there can be no assurance of this result as it is dependent on a number of factors, including mix of foreign to domestic earnings, local statutory tax rates and the Company's ability to utilize net operating loss carryforwards in a certain jurisdiction.

FISCAL 2001 COMPARED TO FISCAL 2000

Net Sales

Total net sales increased 8.7% to \$320.8 million in fiscal 2001 from \$295.1 million in fiscal 2000. Domestic brand sales increased 7.6% to \$231.1 million in fiscal 2001 from \$214.8 million in fiscal 2000. Domestic sales were led by double digit growth in the Movado brand and high single digit growth in the ESQ brand. International sales of the Company's brands increased 7.2% led by the continuing international rollout of the Coach watch brand in the Far East, which resulted in a doubling of Coach watch international sales in fiscal 2001 and double digit growth in the Concord brand.

Retail sales increased 19.8% to \$39.3 million in fiscal 2001 from \$32.8 million in fiscal 2000. Retail sales increases were led by sales increases from four outlet stores open a full year in fiscal 2001 versus a

part year in fiscal 2000, three new Movado Boutiques opened in Las Vegas, NV, Riverside Square, NJ, and Boca Raton, FL and comparable store sales increased 26.9% in the Movado Boutiques. Outlet comparable store sales were relatively flat with a 0.4% decrease. At January 31, 2001, the Company operated 23 outlet stores and seven Movado Boutiques as compared to 22 outlets and five Movado Boutiques at January 31, 2000.

Other sales decreased by \$0.1 million or 2% due to a reduction in after sales service revenues as a result of the sale of the Piaget and Corum businesses.

Gross Margins

Gross margin for fiscal 2001 was 61.5% as compared to 57.1% for fiscal 2000. Gross margin increases reflect the improvements the Company initiated in fiscal 2001. These improvements included the improved availability of core range products, higher margins on new model introductions, reduction of product acquisition costs mainly due to the strength of the U.S. dollar against the Swiss franc and significant reduction of liquidation sales. The gross margin increase was also due to one time charges of \$5.0 million made in fiscal 2000 to write down non-core component inventories and the \$2.3 million book to physical inventory adjustment during fiscal 2000.

Operating Expenses

Operating expenses for fiscal 2001 were \$163.3 million or 50.9% of net sales as compared to \$152.6 million or 51.7% of net sales in fiscal 2000. The increase in operating expenses of approximately 7% or \$10.7 million relates to several areas, including advertising and marketing expenses, which increased \$0.4 million or 0.65%; selling expenses, which increased \$2.2 million or 5%; distribution costs, which decreased \$0.2 million or 2%; and general and administrative expenses, which increased \$8.3 million or 21%.

The increase in advertising costs was the result of an increase of \$1.3 million in the Movado Boutiques and cooperative advertising programs offset by a decrease of expenditures for special events, point of sale support material such as displays and product brochures and media advertising programs. Increases in advertising expenses at the Movado Boutiques reflect the costs associated with new business initiatives.

Selling expenses increased in both the Company's wholesale and retail businesses. Increases in selling expenses in the wholesale business primarily reflect higher levels of sales commissions due to sales increases in the Movado brands and increases in head count to support the launch of the Tommy Hilfiger line.

Increases in selling expenses associated with the Company's retail operations relate primarily to the addition of one new outlet and two new Movado Boutiques in fiscal 2001 as well as the annualized cost of stores opened during fiscal 2000.

Distribution expenses are largely variable in nature and these expenses grew proportionately with increases in unit volume shipments offset by a nonrecurring charge of \$1.0 million made in fiscal 2000, for expenses related to the relocation of the Company's U.S. distribution operations.

Increases in general and administrative expenses were substantially due to the recording of a management bonus as a result of exceeding corporate performance targets, a moving and relocation expense associated with the shutdown of the distribution and service center in Lyndhurst, NJ and costs associated with new business initiatives including staffing costs for the launch of the Tommy Hilfiger brand, Movado Boutiques and Company outlet stores. In addition, there were cost increases in a small number of general and administrative expenses which are consistent with industry cost increases.

Interest Expense

Net interest expense in fiscal 2001 increased \$1.0 million from \$5.4 million in fiscal 2000 to \$6.4 million in fiscal 2001. The increase in interest expense was primarily a result of a decrease in investment income from the investment of the \$28.4 million proceeds from the Company's sale of the Piaget business in February 1999. Gross interest expense decreased by \$0.1 million or 2.4% due to a decrease in the average short-term bank borrowings from \$40.3 million in fiscal 2000 to \$31.6 million in fiscal 2001, a 21% reduction of short-term bank borrowings offset by an increase in average interest rates. In addition, a \$5.0 million payment on the long-term borrowings was made in January 2000. Interest for this borrowing was reduced by approximately \$0.3 million.

Income Taxes

The Company's income tax provision amounted to \$6.9 million and \$1.4 million for fiscal 2001 and 2000, respectively, or 25% of pretax income for fiscal 2001 and 9.4% for fiscal 2000. In addition, a portion of the Company's consolidated operations are located in non-U.S. jurisdictions and, 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.

LIQUIDITY AND FINANCIAL POSITION

The Company's major source of funds has been cash generated from operations. In fiscal 2002, 2001 and 2000 the Company generated from operations \$16.5 million, \$25.3 million and \$28.3 million, respectively, and in fiscal 2000 \$28.4 million was generated from the sale of the Piaget business. This positive cash flow has been a source of funds for the Company's growth initiatives, including working capital, capital expenditures, the Company's stock repurchase program and debt repayment.

Cash flow from operating activities in fiscal 2002 was less than fiscal 2001 mainly due to the timing of the receipt of inventory and the subsequent inventory payments made earlier in fiscal 2002 than fiscal 2001, as well as the timing of tax payments and reduction of net income. Operating cash flow in fiscal 2001 decreased from fiscal 2000 due to increased inventory positions.

The Company used cash of \$14.7 million in fiscal 2002 and \$11.7 million in fiscal 2001 for investing activities, primarily for capital expenditures. In fiscal 2000, the Company had a cash inflow of \$17.5 million mainly as a result of the sale of its Piaget business to VLG for \$28.4 million in cash.

Capital expenditures amounting to \$13.9 million in fiscal 2002 relate primarily to the relocation of the Company's U.S. headquarters, opening two new Movado Boutiques and the flagship Movado Boutique in New York City, various information systems projects and expansion of the Company's network of outlet stores. The Company's capital expenditures for fiscal 2001 and fiscal 2000 amounted to \$10.8 million and \$10.1 million, respectively. Expenditures in fiscal 2001 were primarily for management

information systems projects, the addition of one outlet store and two Movado Boutiques and the build out of the new distribution center in Moonachie, New Jersey. Expenditures in fiscal 2000 were primarily related to management information systems projects, the addition of four new outlet stores and one Movado Boutique, and construction of a major tradeshow exhibition facility used annually at the Basel International Watch and Jewelry show. The Company expects that annual capital expenditures in the near term will approximate the levels experienced in fiscal 2001 and 2000. These expenditures will relate primarily to leasehold improvements, furniture and fixtures for up to five new Movado Boutiques, implementation of the Company's world wide information system in the Far East subsidiaries, store renovations and expansion of the distribution facility to include an expanded Movado Boutique product offering.

Cash used in financing activities amounted to \$6.9 million in fiscal 2002. This compares to \$17.4 million and \$22.1 million of cash used in financing activities in fiscal 2001 and 2000, respectively. Cash used in financing activities during fiscal 2002 was primarily for repayment of bank debt and the annual repayment of the Senior Notes. During fiscal 2001 and 2000, the Company used cash in financing activities primarily for the stock repurchase program, repayment of Senior Notes and in fiscal 2001 repayment of bank debt. In fiscal 2000, the Company had net proceeds from bank borrowings.

At January 31, 2002 the Company had two series of Senior Notes outstanding. Senior Notes due January 31, 2005 were originally issued in a private placement completed in fiscal 1994. These notes have required annual principal payments of \$5.0 million since January 1998 and bear interest of 6.56% per annum. The Company repaid \$5.0 million in principal amount of these notes in fiscal 2002 and in fiscal 2001, respectively. At January 31, 2002, \$15.0 million in principal amount of these notes remained outstanding.

During fiscal 1999, the Company issued \$25.0 million of Series A Senior Notes under a Note Purchase and Private Shelf Agreement dated November 30, 1998. The \$25.0 million Series A Senior Notes bear interest at 6.90%, mature on October 30, 2010 and are subject to annual repayments of \$5.0 million commencing October 31, 2006.

On March 21, 2001, the Company entered into a new Note Purchase and Private Shelf Agreement which allows for the issuance for up to three years after the date thereof, of senior promissory notes in the aggregate principal amount of up to \$40.0 million with maturities up to 12 years from their original date of issuance.

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

	2002 -----	2001 -----
Senior Notes	\$ 15,000	\$ 20,000
Series A Senior Notes	25,000	25,000
	-----	-----
Less current portion	40,000 5,000	45,000 5,000
	-----	-----
Long-term debt	\$ 35,000 =====	\$ 40,000 =====

On June 22, 2000, the Company completed the renewal of its revolving credit and working capital lines with its bank group. The new agreement provides for a three year \$100.0 million unsecured revolving line of credit and \$15.0 million of uncommitted working capital lines. At January 31, 2002, the Company had \$6.5 million of outstanding borrowings under its bank lines as compared to \$8.8 million at January 31, 2001. The decrease in borrowings at the end of fiscal 2002 as compared fiscal 2001 was primarily to lower seasonal working capital requirements due to the slowdown of inventory purchases in fiscal 2002 as compared in fiscal 2001.

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary buy-back program. During fiscal 2002 there were no shares repurchased under the repurchase program. The Company repurchased \$7.3 million and \$17.6 million in fiscal 2001 and 2000, respectively acquiring in the aggregate 1.4 million shares. As of January 31, 2002, the Company had authority to repurchase \$4.5 million against an aggregate authorization of \$30.0 million.

Minimum annual rentals at January 31, 2001 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):

2003	\$ 7,750
2004	6,789
2005	6,368
2006	6,039
2007	5,420
Thereafter	21,450

	\$ 53,816
	=====

Cash dividends in fiscal 2002 amounted to \$1.4 million compared to \$1.2 million in fiscal 2001 and \$1.0 million in fiscal 2000.

Cash and cash equivalents at January 31, 2002 amounted to \$17.0 million compared to \$23.1 million at January 31, 2001. Net debt to total capitalization at January 31, 2002 was 17.1% as compared to 19.3% at January 31, 2001.

In summary, the Company made significant progress in fiscal 2002 in maintaining its liquidity primarily through the success of its operating expense reduction initiatives and increased product profitability. The Company plans to continue to focus on improving its cash flows in fiscal 2003.

RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2001, the Emerging Issues Task Force (the "EITF") issued EITF 01-09, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products," which is a codification of EITF's 00-14, 00-22 and 00-25. EITF 01-09 will require the Company to reclassify certain selling expenses as a reduction of revenues. These reclassifications will take place in the first quarter of 2002 and prior periods will be reclassified. These reclassifications will not impact net income.

On June 20, 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations." SFAS No. 141 is effective for all business combinations initiated after June 30, 2001. This Statement addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, "Business Combinations," and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." All business combinations within the scope of this Statement are to be accounted for using one method, the purchase method.

On June 20, 2001, FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 for all goodwill and other intangible assets recognized in an entity's statement of financial position at the beginning of that fiscal year. This Statement supersedes APB Opinion No. 17, "Intangible Assets." It addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in the financial statements upon their acquisition. The Company will adopt SFAS No. 142 in the first quarter of 2002, as required and does not expect that the adoption will have a material impact on its financial position or the results of operations.

On October 4, 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." This Statement requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, and broadens the presentation of discontinued operations. The Company does not expect that the adoption of this Statement will have a material impact on its financial position or results of operations.

MARKET RISKS

The Company's primary market risk exposure relates to foreign currency exchange risk (see Note 6 to the Consolidated Financial Statements). The majority of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company purchases various financial instruments, predominately forward and option contracts. Gains and losses on financial instruments resulting from this hedging activity are partially offset by the effects of the currency movements on respective underlying hedged transactions. If the Company did not engage in a hedging program, any change in the Swiss franc to local currency would have an equal effect on the entities' cost of sales. As of January 31, 2002, the Company's forward contracts hedging portfolio consisted of various dates ranging through May 30, 2003. The Company has a 10.0 million Swiss francs option contract with a maturity date of October 1, 2002 and a \$5.0 million option contract with a maturity date of May 27, 2003.

In addition, the Company has certain debt obligations with variable interest rates, which are based on LIBOR plus a fixed additional interest rate. The Company does not hedge these interest rate risks. The Company also has certain debt obligations with fixed interest rates. The difference between the market based interest rates at January 31, 2002 and the fixed rates were unfavorable.

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, 2002, 2001 and 2000		F-2
Consolidated Balance Sheets at January 31, 2002 and 2001		F-3
Consolidated Statements of Cash Flows for the fiscal years Ended January 31, 2002, 2001 and 2000		F-4
Consolidated Statements of Changes in Shareholders' Equity for the fiscal years ended January 31, 2002, 2001 and 2000		F-5
Notes to Consolidated Financial Statements		F-6 to F-21
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 2002 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 2002 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 2002 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 2002 annual meeting of shareholders and is incorporated herein by reference.

PART IV

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 26 included in Item 8 of part II of this report.

2. Financial Statement Schedule:

Schedule II Valuation and Qualifying
Accounts and Reserves

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 31 through 37 of this report.

(b) Current 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 30, 2002 By: /s/ Gedalio Grinberg
Gedalio Grinberg
Chairman of the Board of Directors

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

Dated: April 30, 2002 /s/ Gedalio Grinberg
Gedalio Grinberg
Chairman of the Board of Directors

Dated: April 30, 2002 /s/ Efraim Grinberg
Efraim Grinberg
President and Chief Executive Officer

Dated: April 30, 2002 /s/ Richard J. Cote
Richard J. Cote
Executive Vice President and Chief
Operating Officer

Dated: April 30, 2002 /s/ Eugene J. Karpovich
Eugene J. Karpovich
Senior Vice President and Chief
Financial Officer

Dated: April 30, 2002 /s/ Margaret Hayes Adame
Margaret Hayes Adame
Director

Dated: April 30, 2002 /s/ Donald Oresman
Donald Oresman
Director

Dated: April 30, 2002

/s/ Leonard L. Silverstein
Leonard L. Silverstein
Director

Dated: April 30, 2002

/s/ Alan H. Howard
Alan H. Howard
Director

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
3.1	Restated By-Laws of the Registrant. Incorporated by reference to Exhibit 3.1 filed with the Registrant's Registration statement on Form S-1 (Registration No.33-666000).	
3.2	Restated Certificate of Incorporation of the Registrant as amended. Incorporated herein by reference to Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended July 31, 1999.	
4.1	Specimen Common Stock Certificate. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
4.2	Note 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.	
4.3	Note Purchase and Private Shelf Agreement dated as of November 30, 1998 between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1999.	
4.4	Note Purchase and Private Shelf Agreement dated as of March 21, 2001 between the Registrant and The Prudential Insurance Company of America. Incorporated herein by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2001.	
10.1	Lease dated August 5, 1998 between Grand Canal Shops Mall Construction, LLC as landlord and Movado Retail Group, Inc., as tenant, for premises at Grand Canal Shops, Clark County, Nevada. Incorporated herein by reference to Exhibit 10.1 to	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
	the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 1998.	
10.2	Amendment Number 1 to License Agreement dated December 9, 1996 between Registrant as Licensee and Coach, a division of Sara Lee Corporation as Licensor, dated as of February 1, 1998. Incorporated herein by reference to exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1998.	
10.3	Agreement, dated January 1, 1992, between The Hearst Corporation and the Registrant, as amended on January 17, 1992. Incorporated herein by reference to Exhibit 10.8 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.4	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.	
10.5	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. Incorporated herein by reference to Exhibit 10.10 filed with Company's Registration Statement on Form S-1 (Registration No. 33-666000).	
10.6	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.**	

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.7	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.	
10.8	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.	
10.9	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.**	
10.10	Registrant's amended and restated Deferred Compensation Plan for Executives effective January 1, 1998. Incorporated herein by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998. **	
10.11	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.**	
10.12	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.	
10.13	First Amendment to Lease dated April 8, 1998 between RCPI Trust, successor in interest to	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
	Rockefeller Center Properties ("Landlord") and Movado Retail Group, Inc., successor in interest to SwissAm Inc. ("Tenant") amending lease dated August 10, 1994 between Landlord and Tenant for space at 630 Fifth Avenue, New York, New York. Incorporated herein by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 1998.	
10.14	Second Amendment dated as of September 1, 1999 to the December 1, 1996 license agreement between Sara Lee Corporation and Registrant. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999.	
10.15	License Agreement entered into as of June 3, 1999 between Tommy Hilfiger Licensing, Inc. and Registrant. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999.	
10.16	Second Amendment of Lease dated as of December 23, 1998 between Meadowlands Associates, as landlord and the Registrant, as tenant, further amending lease dated as of October 31, 1986. Incorporated herein by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2000.	
10.17	Third Amendment of lease dated as of February 17, 2000 between Meadowlands Associates, as landlord, and the Registrant, as tenant, further amending lease dated as of October 31, 1986. Incorporated herein by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2000.	
10.18	License Agreement entered into as of October 31, 1999 by and between Movado Corporation, Movado Watch Company S.A. and Lantis Eyewear Corporation. Incorporated herein by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2000.	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.19	Severance Agreement dated December 15, 1999, and entered into December 16, 1999 between the Registrant and Richard J. Cote. Incorporated herein by reference to Exhibit 10.35 to the Registrant's Annual Report on Form 10-K for the year ended January 31, 2000. **	
10.20	Lease made December 21, 2000 between the Registrant and Mack-Cali Realty, L.P. for premises in Paramus, New Jersey together with First Amendment thereto made December 21, 2000. Incorporated herein by reference to Exhibit 10.22 to the Registrants Annual Report on Form 10-K for the year ended January 31, 2000.	
10.21	Credit Agreement dated June 22, 2000 among the Registrant, the Chase Manhattan Bank as Administrative Agent, and as Swingline Bank, and as issuing Bank, Fleet Bank, N.A. as Syndication Agent, The Bank of New York as Documentation 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 filed for the quarter ended July 31, 2000.	
10.22	Lease agreement dated May 22, 2000 between Forsgate Industrial Complex and the Registrant for premises located at 105 State Street, Moonachie, New Jersey. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended April 30, 2000.	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.23	Sublease Agreement entered into as October 1, 2001 by and between Movado Group, Inc., as sub-landlord, and National Financial Services LLC, as sub-tenant. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended October 31, 2001.	
10.24	Second Amendment of Lease dated July 26, 2001 between Mack-Cali Realty, L.P., as landlord, and Movado Group, Inc., as tenant, further amending lease dated as of December 21, 2000. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended October 31, 2001.	
10.25	First Amendment of Sublease Agreement dated October 10, 2001 by and between Movado Group, Inc., as sub-landlord, and National Financial Services LLC, as subtenant, further amending sublease dated October 1, 2001. Incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended October 31, 2001.	
10.26	Third Amendment of Lease dated November 6, 2001 between Mack-Cali Realty, L.P., as lessors and Movado Group, Inc., as lessee, for additional space at Mack-Cali II, One Mack Drive, Paramus, NJ. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed for the quarter ended October 31, 2001.	

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
10.27	Amendment Number 2 to Registrant's 1996 Stock Incentive Plan dated March 16, 2001.**	
10.28	Amendment Number 3 to Registrant's 1996 Stock Incentive Plan approved June 19, 2001.**	
10.29	Amendment Number 3 to License Agreement dated December 9, 1996, as previously amended, between the Registrant, Movado Watch Company S.A. and Coach, Inc. dated as of January 30, 2002.*	
10.30	Amendment and Restated Master Promissory Note agreement dated June 26, 2001 between the Registrant and Fleet National Bank.	
10.31	Line of Credit Letter Agreement dated August 20, 2001 between the Registrant and the Bank of New York.	
21.1	Subsidiaries of the Registrant.	
23.1	Consent of PricewaterhouseCoopers LLP.	

* Confidential portions of Exhibit 10.29 have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

** 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) on page 28 present fairly, in all material respects, the financial position of Movado Group, Inc. and its subsidiaries at January 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2002 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 28 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, 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 our opinion.

As discussed in Note 6 to the Financial Statements, the Company changed its method of accounting for derivative instruments and hedging activities effective February 1, 2002.

PricewaterhouseCoopers LLP
Florham Park, New Jersey
March 15, 2002

MOVADO GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEAR ENDED JANUARY 31,		
	2002	2001	2000
Net sales	\$ 299,725	\$ 320,841	\$ 295,067
Costs and expenses:			
Cost of sales	115,653	123,392	126,667
Selling, general and administrative	157,799	163,317	152,631
	273,452	286,709	279,298
Operating income	26,273	34,132	15,769
Interest expense, net	5,415	6,443	5,372
Gain on disposition of business	--	--	4,752
Income before income taxes and cumulative effect of a change in accounting principle	20,858	27,689	15,149
Provision for income taxes	3,735	6,922	1,428
Income before cumulative effect of a change in accounting principle	17,123	20,767	13,721
Cumulative effect of a change in accounting principle, net of a tax benefit of \$42	(109)	--	--
Net income	\$ 17,014	\$ 20,767	\$ 13,721
Basic income per share			
Income before cumulative effect of a change in accounting principle	\$ 1.47	\$ 1.78	\$ 1.10
Cumulative effect of a change in accounting principle	(0.01)	--	--
Net income per share	\$ 1.46	\$ 1.78	\$ 1.10
Weighted basic average shares outstanding	11,683	11,651	12,527
Diluted income per share			
Income before cumulative effect of a change in accounting principle	\$ 1.43	\$ 1.75	\$ 1.06
Cumulative effect of a change in accounting principle	(0.01)	--	--
Net income per share	\$ 1.42	\$ 1.75	\$ 1.06
Weighted diluted average shares outstanding	12,007	11,866	12,890

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	JANUARY 31,	
	2002	2001
ASSETS		
Current assets:		
Cash	\$ 16,971	\$ 23,059
Trade receivables, net	92,014	98,797
Inventories, net	98,589	95,863
Other	19,467	23,501
Total current assets	227,041	241,220
Property, plant and equipment, net	38,726	32,906
Other assets	24,909	16,279
Total assets	\$ 290,676	\$ 290,405
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Loans payable to banks	\$ 6,500	\$ 8,800
Current portion of long-term debt	5,000	5,000
Accounts payable	23,824	28,819
Accrued liabilities	25,417	28,157
Current taxes payable	8,646	12,677
Deferred taxes payable	3,722	3,130
Total current liabilities	73,109	86,583
Long-term debt	35,000	40,000
Deferred and noncurrent foreign income taxes	1,513	3,517
Other liabilities	8,584	835
Total liabilities	118,206	130,935
Commitments and contingencies (Note 10)		
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; 9,797,776 and 9,600,435 shares issued, respectively	98	96
Class A Common Stock, \$0.01 par value, 10,000,000 shares authorized; 3,509,733 and 3,509,733 shares issued and outstanding, respectively	35	35
Capital in excess of par value	69,484	67,242
Retained earnings	153,830	138,176
Accumulated other comprehensive income	(23,286)	(18,169)
Treasury stock, 1,544,487 and 1,556,670 shares at cost, respectively	(27,691)	(27,910)
Total shareholders' equity	172,470	159,470
Total liabilities and shareholders' equity	\$ 290,676	\$ 290,405

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	FISCAL YEAR ENDED JANUARY 31,		
	2002	2001	2000
	-----	-----	-----
Cash flows from operating activities:			
Net income	\$ 17,014	\$ 20,767	\$ 13,721
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,550	6,341	5,189
Deferred and noncurrent foreign income taxes	(1,174)	(1,342)	(1,126)
Provision for losses on accounts receivable	1,384	2,083	1,077
Provision for losses on inventory	756	1,710	7,263
Loss on disposition of leasehold improvements, furniture and fixtures	492	--	--
Gain on disposition of business	--	--	(4,752)
Changes in current assets and liabilities:			
Trade receivables	4,185	(4,831)	2,469
Inventories	(5,372)	(20,043)	14,609
Other current assets	64	(3,383)	(6,269)
Accounts payable	(4,443)	11,142	(7,004)
Accrued liabilities	(2,375)	9,322	4,464
Deferred and current taxes payable	(3,051)	9,800	(3,042)
Other noncurrent assets	(6,234)	(5,960)	2,305
Other noncurrent liabilities	7,750	(335)	(629)
Net cash provided by operating activities	----- 16,546	----- 25,271	----- 28,275
Cash flows from investing activities:			
Capital expenditures	(13,902)	(10,833)	(10,125)
Proceeds from disposition of business	--	--	28,409
Goodwill, trademarks and other intangibles	(807)	(852)	(755)
Net cash (used in) provided by investing activities	----- (14,709)	----- (11,685)	----- 17,529
Cash flows from financing activities:			
Repayment of Senior Notes	(5,000)	(5,000)	(10,000)
Net (payment of) proceeds from current bank borrowings	(2,300)	(4,700)	6,300
Principal payments under capital leases	--	--	(69)
Stock options exercised and other changes	1,780	840	499
Dividends paid	(1,360)	(1,206)	(1,247)
Purchase of treasury stock	--	(7,329)	(17,593)
Net cash (used in) financing activities	----- (6,880)	----- (17,395)	----- (22,110)
Effect of exchange rate changes on cash	(1,045)	253	(2,705)
Net (decrease) increase in cash	----- (6,088)	----- (3,556)	----- 20,989
Cash at beginning of year	23,059	26,615	5,626
Cash at end of year	----- \$ 16,971	----- \$ 23,059	----- \$ 26,615
	=====	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MOVADO GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Preferred Stock	Common Stock	Class A Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comp- rehensive Loss	Treasury Stock
	-----	-----	-----	-----	-----	-----	-----
Balance, January 31, 1999	--	\$ 94	\$ 35	\$ 65,332	\$106,141	(\$ 6,006)	(\$ 2,988)
Net income					13,721		
Dividends (\$0.10 per share)					(1,247)		
Stock options exercised, net of tax benefit				781			
Common stock repurchased							(17,593)
Foreign currency translation adjustment						(10,456)	
Conversion of Class A Common Stock to Common Stock		1					
Balance, January 31, 2000	--	95	35	66,113	118,615	(16,462)	(20,581)
Net income					20,767		
Dividends (\$0.105 per share)					(1,206)		
Stock options exercised, net of tax benefit		1		1,129			
Common stock repurchased							(7,329)
Foreign currency translation adjustment						(1,707)	
Balance, January 31, 2001	--	96	35	67,242	138,176	(18,169)	(27,910)
Net income					17,014		
Dividends (\$0.12 per share)					(1,360)		
Stock options exercised, net of tax benefit		2		1,863			
Supplemental executive retirement plan				379			
Employee stock bonus plan							219
Accounting change, net of tax						367	
Net unrealized gain on investments, net of tax						199	
Effective portion of unrealized loss on hedging contracts, net of tax						(449)	
Foreign currency translation adjustment						(15,234)	
Balance, January 31, 2002	--	\$ 98	\$ 35	\$ 69,484	\$153,830	(\$23,286)	(\$27,691)

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Movado Group, Inc. (the "Company") is a designer, manufacturer and distributor of quality watches with prominent brands in almost every price category comprising the watch industry. In fiscal 2002, the Company marketed five distinctive brands of watches: Movado, Concord, ESQ, Coach and Tommy Hilfiger, which compete in most segments of the watch market.

The Company designs and manufactures Concord and Movado watches primarily through its subsidiaries and third party contract assemblers 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 using Swiss movements. Coach watches are assembled in Switzerland by independent suppliers. Tommy Hilfiger watches are assembled in the Far East by independent suppliers. 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, through a wholly owned domestic subsidiary, the Company sells Movado watches, Movado jewelry, tabletop accessories and other product line extensions within the Movado brand directly to consumers in its Movado Boutiques. Another of the Company's domestic subsidiaries also operates a number of Movado outlet stores throughout the United States, through which it sells discontinued and second merchandise.

Principles of consolidation

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

Translation of foreign currency financial statements and foreign currency transactions

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

Trade receivables

The Company's trade customers include department stores, jewelry store chains and independent jewelers. Movado and Concord watches are also marketed outside the U.S. through a network of independent distributors. Accounts receivable are stated net of allowances for doubtful accounts of \$4.1 million and \$4.4 million at January 31, 2002 and 2001, respectively. The Zale Corporation accounted for 9%, 10% and 13% of the Company's consolidated net sales in fiscal 2002, 2001 and 2000, respectively.

At January 31, 2002 and 2001, the same trade customer accounted for 13% and 11% of consolidated trade receivables, respectively.

The Company's concentrations of credit risk arise primarily from accounts receivable related to trade customers during the peak selling seasons. The Company has significant accounts receivable balances due from major department store chains. The Company's results of operations could be materially adversely affected in the event any of these customers or a group of these customers defaulted on all or a significant portion of their obligations to the Company as a result of financial difficulties.

Inventories

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

Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation. 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. Computer software costs related to the development of major systems are capitalized as incurred and are amortized over their useful lives. Maintenance and repair costs are charged to earnings while expenditures for major renewals and improvements are capitalized. Upon the disposition of property, plant and equipment, the accumulated depreciation is deducted from the original cost and any gain or loss is reflected in current earnings.

Intangibles

Intangible assets consist primarily of trademarks and are recorded at cost. Trademarks are generally amortized over ten years. The Company continually reviews intangible assets to evaluate whether events or changes have occurred that would suggest an impairment of carrying value. An impairment would be recognized when expected undiscounted future operating cash flows are lower than the carrying value. At January 31, 2002 and 2001, intangible assets at cost were \$5.7 million and \$5.3 million, respectively, and related accumulated amortization of intangibles were \$2.0 million and \$1.5 million, respectively.

Revenue Recognition

The Company recognizes its revenue upon transfer of title or, in the case of retail sales, at the time of register receipt. Allowances for estimated returns and sales and cash discounts are provided when sales are recorded.

Preopening Costs

Costs associated with the opening of new retail and outlet stores are expensed in the period incurred.

Advertising

The Company expenses the production costs of an advertising campaign at the commencement date of the advertising campaign. Advertising expenses for fiscal 2002, 2001 and 2000, amounted to \$56.9 million, \$62.3 million and \$61.8 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, 2002 and 2001 were \$1.2 million and \$1.8 million, respectively.

Earnings per share

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

The weighted average number of shares outstanding for basic earnings per share were 11,683,000, 11,651,000 and 12,527,000 for fiscal 2002, 2001 and 2000, respectively. For diluted earnings per share, these amounts were increased by 324,000, 215,000 and 363,000 in fiscal 2002, 2001 and 2000, 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-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.

Stockholders' Equity

Under a series of share repurchase authorizations approved by the Board of Directors, the Company has maintained a discretionary buy-back program throughout fiscal 2002. There were no shares repurchased under the repurchase program during fiscal 2002 and \$7.3 million and \$17.6 million in fiscal 2001 and 2000, respectively. As of January 31, 2002, the Company had authorization to repurchase shares up to an additional \$4.5 million against an aggregate authorization of \$30.0 million.

Recently Accounting Standards

In November 2001, the Emerging Issues Task Force (the "EITF") issued EITF 01-09, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products," which is a codification of EITF's 00-14, 00-22 and 00-25. EITF 01-09 will require the company to reclassify certain selling expenses as a reduction of revenues. These reclassifications will take place in the first quarter of 2002 and prior periods will be reclassified. These reclassifications will not impact net income.

On June 20, 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations," SFAS No. 141 is effective for all business combinations initiated after June 30, 2001. This Statement addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, "Business Combinations," and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." All business combinations within the scope of this Statement are to be accounted for using one method, the purchase method.

On June 20, 2001, FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 is effective for fiscal years beginning after December 15, 2001 for all goodwill and other intangible assets recognized in an entity's statement of financial position at the beginning of that fiscal year. This Statement supersedes APB Opinion No. 17, "Intangible Assets." It addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in the financial statements upon their acquisition. The Company will adopt SFAS No. 142 in the first quarter of 2002, as required, and does not expect that the adoption will have a material impact on its financial position or the results of operations.

On October 4, 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." This Statement requires that one accounting model be used for long-lived assets to be disposed of by sale,

whether previously held and used or newly acquired, and broadens the presentation of discontinued operations to include more disposal transactions. The Company does not expect that the adoption of this Statement will have a material impact on its financial position or results of operations.

Reclassification

Certain prior year amounts have been reclassified to conform to the fiscal 2002 presentation.

NOTE 2 - INVENTORIES

Inventories consist of the following (in thousands):

	JANUARY 31,	
	2002	2001
	-----	-----
Finished goods	\$63,956	\$60,909
Component parts	32,531	30,942
Work-in-process	2,102	4,012
	-----	-----
	\$98,589	\$95,863
	=====	=====

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

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

	2002	2001
	-----	-----
Furniture and equipment	\$26,657	\$25,427
Leasehold improvements	20,334	15,579
Computer Software	20,235	19,278
	-----	-----
	67,226	60,284
Less: accumulated depreciation	(28,500)	(27,378)
	-----	-----
	\$38,726	\$32,906
	=====	=====

Depreciation for fiscal 2002, 2001 and 2000 was \$6.8 million, \$5.7 million and \$4.7 million, respectively.

NOTE 4 - BANK CREDIT ARRANGEMENTS AND LINES OF CREDIT

The Company's revolving credit facility with its domestic bank group was entered into in June 2000 to provide for a three year \$100.0 million unsecured revolving line of credit, which replaced a three year \$90.0 million unsecured facility dated July 1997. In addition, certain members within the bank group provided for \$15.0 million of uncommitted working capital lines of credit at each year end January 31, 2002 and 2001, respectively. As of January 31, 2002, one bank in the domestic bank group issued five irrevocable standby letters of credit for retail and operating facility leases and Canadian payroll to various landlords and the Royal Bank of Canada totaling \$0.5 million with expiration dates through May 15, 2003. The renewed 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 including an interest coverage ratio and certain restrictions that limits the Company on the

sale, transfer or distribution of corporate assets, including dividends and limit the amount of debt outstanding. The Company was in compliance with these restrictions and covenants at January 31, 2002 and 2001. The domestic unused line of credit was \$108.5 million and \$106.2 million at January 31, 2002 and 2001, respectively.

A Swiss subsidiary of the Company maintains un-secured lines of credit for an unspecified length of time with a Swiss bank. Available credit under these lines totaled 8.8 million Swiss francs and 11.3 million Swiss francs, with dollar equivalents of approximately \$5.1 million and \$6.9 million at January 31, 2002 and 2001, of which a maximum of \$5.0 million can be drawn. As of January 31, 2002, the Swiss bank has made guarantees to certain Swiss vendors of approximately 0.7 million Swiss francs. 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 \$6.5 million at January 31, 2002 and \$8.8 million at January 31, 2001. Aggregate maximum and average monthly outstanding borrowings against the Company's lines of credit and related weighted average interest rates during fiscal 2002, 2001 and 2000 were as follows (in thousands):

	FISCAL YEAR ENDED JANUARY 31,		
	2002	2001	2000
Maximum borrowings	\$52,250	\$51,850	\$61,900
Average monthly borrowings	\$37,494	\$31,622	\$40,290
Weighted average interest rate	4.8%	8.2%	6.3%

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

NOTE 5 - LONG-TERM DEBT

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

	2002	2001
Senior Notes	\$15,000	\$20,000
Series A Senior Notes	25,000	25,000
	40,000	45,000
Less current portion	5,000	5,000
Long-term debt	\$35,000	\$40,000

Senior Notes due January 31, 2005 (the "Senior Notes") were issued in a private placement completed in fiscal 1994 and bear interest at 6.56% per annum, payable semiannually on July 31 and January 31, and are subject to annual payments of \$5.0 million commencing January 31, 1998. Accordingly, such amounts have been classified as a current liability in fiscal 2002 and 2001. 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 Series A Senior Notes ("Series A Senior Notes") were issued on December 1, 1998 under a Note Purchase and Private Shelf Agreement and bear interest at 6.90% per annum. Interest is payable semiannually on April 30 and October 30. These notes mature on October 30, 2010 and are subject to annual payments of \$5.0 million commencing on October 31, 2006.

On March 21, 2001, the Company entered into a new Note Purchase and Private Shelf Agreement, which allows for the issuance for up to three years after the date thereof, of senior promissory notes in the aggregate principal amount of up to \$40.0 million with maturities up to 12 years from their original date of issuance. As of January 31, 2002 the Company had no borrowings under this agreement.

The agreements governing the Senior Notes and Series A Senior Notes contain certain restrictions and covenants which generally require the maintenance of a minimum net worth, limit the amount of additional secured debt the Company can incur and limit the sale, transfer or distribution of corporate assets including dividends. The Company was in compliance with these restrictions and covenants at January 31, 2002 and 2001.

NOTE 6 - HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INVESTMENTS

The Company's policy is to enter into forward exchange contracts and purchase foreign currency options to reduce our exposure to adverse fluctuations in foreign exchange rates and, to a lesser extent, in commodity prices. When entered into, the Company formally documents these derivative instruments as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transactions. The Company formally assesses, both at the inception and at each financial quarter thereafter, the effectiveness of the derivative instrument hedging the underlying cash flow transaction which, is being hedged. Any ineffectiveness related to the derivative financial instruments change in fair value will be recognized in the period in which the ineffectiveness was calculated. All of our derivative instruments have liquid markets to assess fair value. The Company does not enter into any derivative instruments for trading purpose.

On February 1, 2002, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. These Statements require that an entity recognizes all derivative instruments as either assets or liabilities measured at fair value. Changes in derivative fair values will either be recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a component of other stockholders' equity until the hedged transactions occur and are recognized in earnings. The ineffective portion of a hedging derivative's change in fair value will be immediately recognized in earnings.

The adoption of SFAS No. 133 resulted in the Company recording a transition adjustment to recognize its derivative instruments at fair value. This transition adjustment was an after-tax reduction to net income of approximately \$0.1 million and an after-tax increase to accumulated other comprehensive loss ("AOCL") of approximately \$0.4 million.

As of January 31, 2002, the balance of deferred net losses on derivative instruments included in AOCL was \$0.1 million, net of tax. The Company expects that nearly all the deferred net losses will be realized

into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The primary underlying transaction which will cause the amount in AOCL to affect net earnings consists of the Company's inventory sell through of inventory purchased predominantly in Swiss francs. The maximum length of time the Company is hedging its exposure to the fluctuation in future cash flows for forecasted transactions is 24 months.

During fiscal 2002, the Company recorded no charge related to its assessment of the effectiveness of its derivative hedge portfolio. However, the Company incurred a \$2.2 million loss for the amounts excluded in this assessment of the derivative hedge portfolio effectiveness. The Company also recorded a \$0.2 million gain resulting from a discontinued cash flow hedge because the original forecasted transaction did not occur by the end of the original specified time period. The Company records these transactions in the cost of sales of the consolidated financial statements.

The following presents fair value and maturities of the Company's derivative instruments outstanding as of January 31, 2002 (in millions):

January 31, 2002 -----	Fair Value -----	Maturities -----
Foreign currency contracts	\$105.5	2002-2003
Commodity contracts	\$ 3.0	2002
Purchased contracts	\$ 0.3	2002-2003

The Company estimates the fair value of its derivative instruments using quoted market prices. Fair value is included in other assets or current liabilities.

NOTE 7 - FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The fair value of the Company's 6.56% Senior Notes and 5.9% Series A Senior Notes approximate 103% and 100% of the carrying value of the notes, respectively, as of January 31, 2002. The fair value was calculated based upon the present value of future cash flows discounted at estimated borrowing rates for similar debt instruments or upon estimated prices based on current yields for debt issues of similar quality and terms.

NOTE 8 - INCOME TAXES

The provision for income taxes for the fiscal years ended January 31, 2002, 2001 and 2000 consists of the following components (in thousands):

	2002 -----	2001 -----	2000 -----
Current:			
U.S. Federal	\$480	\$3,124	\$ -
U.S. State and Local	(165)	498	11
Non-U.S.	1,221	2,607	1,043
	-----	-----	-----
	1,536	6,229	1,054
	=====	=====	=====
Noncurrent:			
U.S. Federal	-	-	-
U.S. State and Local	-	-	-
Non-U.S.	1,109	1,674	1,785
	-----	-----	-----
	1,109	1,674	1,785
	=====	=====	=====
Deferred:			
U.S. Federal	1,057	(1,948)	(1,518)
U.S. State and Local	26	(385)	-
Non-U.S.	7	1,352	107
	-----	-----	-----
	1,090	(981)	(1,411)
	=====	=====	=====
Provision for income taxes	\$3,735	\$6,922	\$1,428
	=====	=====	=====

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 components of the Company's deferred income tax assets and liabilities for the fiscal year ended January 31, 2002 and 2001 consist of the following (in thousands):

	2002 DEFERRED TAX		2001 DEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Operating loss carry forwards	\$1,480	\$ -	\$1,596	\$ -
Rent accrual	195	-	143	-
Inventory reserve	2,554	4,058	2,225	3,502
Receivable allowance	2,181	895	2,183	2,862
Depreciation/amortization	597	-	1,628	-
Other	4,233	-	2,352	-
	11,240	4,953	10,127	6,364
Valuation allowance	(1,480)	-	(1,383)	-
Total	\$9,760	\$4,953	\$8,744	\$6,364

As of January 31, 2002, the Company had foreign net operating loss carryforwards of approximately \$3.1 million, which are available to offset taxable income in future years. As of January 31, 2002, the Company maintained a valuation allowance with respect to the tax benefit of certain foreign net operating loss carryforwards. Since the Company's foreign deferred tax assets relate primarily to its former sales office in Germany, which is currently operated by an independent distributor, the Company's assessment is that a portion of the foreign deferred tax assets will not likely be utilized in the foreseeable future. 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,		
	2002	2001	2000
Provision for income taxes at the U.S. statutory rate	\$7,262	\$9,691	\$5,311
Lower effective foreign income tax rate	(4,332)	(3,621)	(3,362)
Change in valuation allowance	97	(56)	(1,221)
Tax provided on repatriated earnings of foreign subsidiaries	1,377	265	238
State and local taxes, net of federal benefit	(139)	113	8
Other, net	(530)	530	454
	\$3,735	\$6,922	\$1,428

In fiscal 2002, the Company recognized a tax benefit of \$116 from realization of domestic and of certain foreign net operating loss carryforwards.

Provision has not been made for taxes on foreign subsidiaries' undistributed earnings of approximately \$171 million at January 31, 2002, as those earnings are considered to be reinvested for an indefinite period. As a result of various tax planning strategies available to the Company, it is not practical to estimate the amount of tax, if any, that may be payable on the eventual distribution of such earnings.

NOTE 9 - 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 his spouse. Under this 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 (approximately \$741,000 per annum). Under the agreement, the trust will repay the loans from the proceeds of the policy. At January 31, 2001 and 2000, the Company had outstanding loans from the trust of \$4.6 million and \$3.8 million, respectively.

NOTE 10 - LEASES, COMMITMENTS AND CONTINGENCIES

The Company leases office, distribution, retail and manufacturing facilities and office equipment under operating leases, which expire at various dates through June 2013. Certain of the leases provide for renewal options and escalation clauses for real estate taxes and other occupancy costs. Rent expense for equipment and distribution, factory and office facilities under operating leases was approximately \$7.7 million, \$8.2 million and \$6.6 million in fiscal 2002, 2001 and 2000, respectively. Minimum annual rentals at January 31, 2001 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):	
2003	\$7,750
2004	6,789
2005	6,368
2006	6,039
2007	5,420
Thereafter	21,450

	\$53,816
	=====

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

NOTE 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 \$0.6 million, \$0.5 million and \$0.6 million in fiscal 2002, 2001 and 2000, 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 2001, 2000 and 1999, the Company recorded an expense related to the SERP of approximately \$0.5 million, \$0.4 million and \$0.6 million, respectively.

During fiscal 1999, the Company adopted a Stock Bonus Plan for all employees not in the SERP. Under the terms of this Stock Bonus Plan, the Company contributes a discretionary amount to the trust established under the plan. Each plan participant vests after five years in 100% of their respective prorata portion of such contribution. For fiscal 2002, 2001 and 2000 the Company recorded an expense of \$0.2 million, \$0.1 million and \$0.2 million, respectively, related to this plan.

On September 23, 1994, the Company entered into a Death and Disability Benefit Plan agreement with the Company's Chairman. Under the terms of the agreement, in the event of the Chairman's death or disability, the Company is required to make an annual benefit payment of approximately \$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 \$0.1 million in each of the fiscal years 2002, 2001 and 2000.

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 3,500,000 shares of Common Stock. Options granted to participants under the plan generally become exercisable in equal installments over three or five years and remain exercisable until the tenth anniversary of the date of grant. The option price may not be less than the fair market value of the stock at the time the options are granted.

Transactions in stock options under the Plan since fiscal 1999 are summarized as follows:

	OUTSTANDING OPTIONS -----	WEIGHTED AVERAGE EXERCISE PRICE -----
January 31, 1999	1,283,610	13.23
Options granted	436,550	25.53
Options exercised	(54,266)	9.21
Options forfeited	(109,477)	16.51
	-----	-----
January 31, 2000	1,556,417	15.65
Options granted	244,050	8.72
Options exercised	(103,387)	8.15
Options forfeited	(82,779)	18.86
	-----	-----
January 31, 2001	1,614,301	15.09
Options granted	911,700	17.26
Options exercised	(231,301)	8.29
Options forfeited	(118,028)	19.70
	-----	-----
January 31, 2002	2,176,672	16.47
	-----	-----

Options exercisable at January 31, 2002, 2001 and 2000 were 796,015, 813,587 and 701,814, respectively.

The weighted-average fair value of each option grant estimated on the date of grant using the Black-Scholes option-pricing model is \$7.74, \$4.72 and \$11.18 per share in fiscal 2002, 2001 and 2000, respectively. The following weighted-average assumptions were used for grants in 2002, 2001 and 2000: dividend yield of 0.71% for fiscal 2002, dividend yield of 0.86% for fiscal 2001 and 0.45% for fiscal 2000; expected volatility of 50% for fiscal 2002, 48% for fiscal 2001 and 40% for fiscal 2000, risk-free interest rates of 4.81% for fiscal 2002, 6.67% for fiscal 2001 and 6.75% for fiscal 2000 and expected lives of seven years for fiscal 2002, 2001 and 2000.

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 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 2002, 2001 and 2000 would approximate the pro forma amounts below (in thousands, except per share data):

	2002 ----		2001 ----		2000 ----	
	AS REPORTED -----	PRO FORMA -----	AS REPORTED -----	PRO FORMA -----	AS REPORTED -----	PRO FORMA -----
Net Income	\$17,014	\$14,249	\$20,767	\$19,135	\$13,721	\$12,216
Net Income per share-Basic	\$1.46	\$1.22	\$1.78	\$1.64	\$1.10	\$0.98
Net Income per share-Diluted	\$1.42	\$1.19	\$1.75	\$1.61	\$1.06	\$0.95

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.

The following table summarizes outstanding and exercisable stock options as of January 31, 2002:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
\$5.00 - \$9.99	547,153	5.2	\$8.89	378,873	\$9.07
\$10.00 - \$14.99	572,019	7.8	\$14.00	153,652	\$13.18
\$15.00 - \$19.99	201,000	8.9	\$17.26	9,700	\$16.17
\$20.00 - \$24.99	697,050	8.3	\$21.68	155,520	\$22.39
\$25.00 - \$29.75	159,450	6.2	\$27.54	98,270	\$27.53
\$5.00 - \$29.75	2,176,672	7.3	\$16.47	796,015	\$14.83

NOTE 12 - OTHER COMPREHENSIVE LOSS

The components of other comprehensive loss for the twelve months ended January 31, 2002 and 2001 are as follows (in thousands):

	2002	2001	2000
Balance at beginning of Fiscal Year	(\$18,169)	(\$16,462)	(\$6,006)
Accounting change, net of tax	367	-	-
Net unrealized gain on investment, net of tax	199	-	-
Effective portion of unrealized gain on hedging contracts, net of tax	(449)	-	-
Foreign currency translation adjustment	(5,234)	(1,707)	(\$10,456)
Balance at end of Fiscal Year	(\$23,286)	(\$18,169)	(\$16,462)

NOTE 13- OTHER CHANGES

During the quarter ended October 31, 2001, the Company recorded a severance and early retirement charge associated with a head count reduction of 38 U.S. corporate and operations workforce spread across employee classes. The charge associated with the reduction was \$2.7 million pre-tax. At January 31, 2002, \$2.2 million was included in accrued liabilities.

NOTE 14 - SEGMENT INFORMATION

In fiscal 1999, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires reporting certain financial information according to the "management approach." This approach requires reporting information regarding operating segments on the basis used internally by management to evaluate segment performance. SFAS 131 also requires disclosures about products and services, geographic areas and major customers.

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

The Company conducts its business primarily in three operating segments: "Wholesale," "Retail" and "Other." The Company's wholesale segment includes the designing, manufacturing and distribution of quality watches. Retail includes the Movado Boutiques and outlet stores. Other includes the Company's service center operations and shipping. The accounting policies of the segments are the same as those described in "Significant Accounting Policies." The Company evaluates segment performance based on operating profit.

OPERATING SEGMENT DATA AS OF AND FOR THE FISCAL YEAR ENDED JANUARY 31 (IN THOUSANDS):

	NET SALES			OPERATING PROFIT (LOSS)		
	2002	2001	2000	2002	2001	2000
Wholesale	\$243,721	\$276,058	\$256,665	\$ 26,248	\$ 38,238	\$ 14,187
Retail	47,172	39,303	32,806	(719)	(1,183)	(1,362)
Other	8,832	5,480	5,596	1,179	(552)	1,489
Elimination (1)	--	--	--	(479)	(2,371)	1,455
Consolidated total	\$299,725	\$320,841	\$295,067	\$ 26,229	\$ 34,132	\$ 15,769

	TOTAL ASSETS			CAPITAL EXPENDITURES		
	2002	2001	2000	2002	2001	2000
Wholesale	242,528	\$238,278	\$207,232	\$ 8,029	\$ 8,311	\$ 7,916
Retail	31,177	29,068	25,802	5,271	2,184	1,516
Other	--	--	--	7	7	4
Corporate (2)	16,971	23,059	26,615	597	331	689
Consolidated total	\$290,676	\$290,405	\$259,649	\$ 13,904	\$ 10,833	\$ 10,125

	DEPRECIATION AND AMORTIZATION		
	2002	2001	2000
Wholesale	\$5,319	\$4,460	\$3,396
Retail	1,507	1,157	925
Other	41	41	41
Corporate	683	683	827
Consolidated total	\$7,550	\$6,341	\$5,189

GEOGRAPHIC SEGMENT DATA AS OF AND FOR THE FISCAL YEAR ENDED JANUARY 31 (IN THOUSANDS):

	NET SALES			LONG-LIVED ASSETS		
	2002	2001	2000	2002	2001	2000
Domestic	\$ 263,869	\$ 304,265	\$ 281,433	\$ 26,770	\$ 18,483	\$ 16,534
International	186,331	202,557	194,944	11,956	14,423	11,059
Elimination (3)	(150,475)	(185,981)	(181,310)	--	--	--
Consolidated total	\$ 299,725	\$ 320,841	\$ 295,067	\$ 38,726	\$ 32,906	\$ 27,593

	INCOME (LOSS) BEFORE TAXES		
	2002	2001	2000
Domestic	(\$ 280)	\$ 8,826	(\$ 3,294)
International	21,617	22,220	18,087
Elimination (3)	(479)	(3,357)	356
Consolidated total	\$20,858	\$ 27,689	\$15,149

- (1) Elimination of inter-segment management fees.
- (2) Corporate assets include cash.
- (3) Elimination of intercompany sales between domestic and international units.

NOTE 15 - QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table presents unaudited selected interim operating results of the Company for fiscal 2002 and 2001 (in thousands, except per share amounts):

	QUARTER ENDED			
	1ST	2ND	3RD	4TH
FISCAL 2002				
Net sales	\$56,512	\$78,352	\$90,103	\$74,758
Gross profit	\$34,944	\$47,988	\$55,879	\$45,259
Net income	\$(237)	\$5,125	\$7,524	\$4,602
PER SHARE:				
Net income (loss):				
Basic	\$(0.02)	\$0.44	\$0.64	\$0.39
Diluted	\$(0.02)	\$0.42	\$0.63	\$0.38
FISCAL 2001				
Net sales	\$53,339	\$76,173	\$105,122	\$86,207
Gross profit	\$32,041	\$45,786	\$65,195	\$54,429
Net income (loss)	\$(173)	\$4,730	\$12,557	\$3,653
PER SHARE:				
Net income:				
Basic	\$(0.01)	\$0.41	\$1.09	\$0.32
Diluted	\$(0.01)	\$0.40	\$1.07	\$0.31

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

NOTE 16 - SUPPLEMENTAL CASH FLOW INFORMATION

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

	FISCAL YEAR ENDED JANUARY 31,		
	2002	2001	2000
Cash paid during the year for:			
Interest	\$4,963	\$6,634	\$7,559
Income taxes	\$2,824	\$2,992	\$7,079

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, 2002: Allowance for doubtful accounts	\$4,442	\$1,384	(\$16)	(\$1,740)	\$4,070
Year ended January 31, 2001: Allowance for doubtful accounts	\$3,604	\$2,386	\$3	(\$1,551)	\$4,442
Year ended January 31, 2000: Allowance for doubtful accounts	\$2,567	\$2,553	(\$21)	(\$1,495)	\$3,604
	-----	-----	-----	-----	-----
	BALANCE AT BEGINNING OF YEAR -----	PROVISION CHARGED TO OPERATIONS -----	CURRENCY REVALUATION -----	NET WRITE-OFFS -----	BALANCE AT END OF YEAR -----
Year ended January 31, 2002: Inventory reserve	\$9,607	\$756	(\$220)	(\$4,086)	\$6,057
Year ended January 31, 2001: Inventory reserve	\$7,035	\$3,550	\$46	(\$1,024)	\$9,607
Year ended January 31, 2000: Inventory reserve	\$3,308	\$5,113	(\$436)	(\$950)	\$7,035
	-----	-----	-----	-----	-----
	BALANCE AT BEGINNING OF YEAR -----	PROVISION/ (BENEFIT) TO OPERATION -----	CURRENCY REVALUATION -----	ADJUSTMENTS -----	BALANCE AT END OF YEAR -----
Year ended January 31, 2002: Deferred tax assets valuation	\$1,383	\$97	\$-	\$-	\$1,480
Year ended January 31, 2001: Deferred tax assets valuation	\$1,439	(\$56)	\$-	\$-	\$1,383
Year ended January 31, 2000: Deferred tax assets valuation	\$2,660	(\$1,221)	\$-	\$-	\$1,439

AMENDMENT NUMBER 2 TO
MOVADO GROUP, INC.
1996 STOCK INCENTIVE PLAN

The Board of Directors (the "Board") of Movado Group, Inc., a New York corporation (the "Company") hereby adopts this Amendment Number 2 to the Company's 1996 Stock Incentive Plan, as previously amended (the "Plan") effective this 16th day of March 2001 pursuant to Section 9(a) of the Plan, under which the Board may adopt this Amendment Number 2 without receiving shareholder approval.

1. Section 5, Stock Options, is hereby amended to add a new Section 5.8, Stock Option Reload Feature, which will read in its entirety as follows:

"5.8 Stock Option Reload Feature

Unless specifically determined by the Committee with respect to any or all Options at the time of grant, and explicitly so indicated on the applicable Award Agreement, the terms and conditions applicable to Options shall not include the stock option reload feature provided for in this Section 5.8 (the "Stock Option Reload Feature"). Only Non-ISOs may be granted with a Stock Option Reload Feature. Under the Stock Option Reload Feature, if a participant exercises an Option or portion thereof using shares of Stock in payment of the Option Price, as provided in Section 5.6(b)(iii), the participant shall, without further action by the Committee, be granted a new Option (a "Reload Option") to purchase shares of Stock equal to the number of shares of Stock used in payment of the exercise price and the number of shares withheld for tax in respect of the exercise. The grant of the Reload Option shall occur simultaneously with the exercise of the Option in accordance with the conditions thereof, and shall have an Option Price equal to the Fair Market Value of the Stock on the date of grant of the Reload Option.

Additionally, a Reload Option (1) may, if determined by the Committee at the time of grant of the original Option to which it relates, contain a Stock Option Reload Feature, (2) shall have a Termination Date no later than the Termination Date of the original Option with respect to which the first Reload Option related thereto was granted, (3) shall first become exercisable six months after the date of its grant, (4) shall have as a condition to its grant, that the Fair Market Value of the Stock on the date of exercise of the Option with respect to which the Reload Option will be granted is at least the greater of (a) \$5 more than the exercise price of the Option or (b) 110% of the exercise price of the Option, and (5) shall comply with all the other provisions of this Plan. In addition, shares of Stock that are issued upon the exercise of a Reload Option shall not be sold, pledged, transferred or otherwise encumbered by the Optionee (except for gift or testamentary transfers without consideration or intestate transfers under the law governing decedents' estates) until after the

expiration of two years from the date of such exercise; provided that the foregoing limitation shall not apply to sales of Stock issued upon the exercise of a Reload Option to the extent necessary to allow the grantee to satisfy his tax liability incurred on account of the exercise of the Reload Option, after taking into account any shares of Stock withheld from such exercise pursuant to clause (ii) of Section 12(b), and assuming the highest applicable federal state and local tax rates apply.

The Committee shall, in addition to all other powers granted to the Committee under the Plan, have the power to amend or modify any term or condition of, or suspend or eliminate, the Stock Option Reload Feature".

2. Section 5.6(b), Manner of Payment, is hereby amended to restate subparagraph (iii), which will read in its entirety as follows:

"(iii) if and to the extent provided in the applicable Award Agreement, by delivery or attestation as to ownership of unrestricted shares of Stock, or of shares of the Company's class A common stock convertible into an equivalent number of shares of Stock, either (a) owned by the grantee for at least six months (or such other period as the Committee may prescribe) or (b) having such other characteristics as the Committee may prescribe, in each case having a Fair Market Value (determined as of the Option Exercise Date) equal to the portion of the Option Price being paid thereby".

3. Section 12(b), Withholding Taxes, is hereby amended to restate subparagraph (i), which will read in its entirety as follows:

"(i) a grantee may elect to satisfy all or part of the foregoing withholding requirements by delivery of unrestricted shares of Stock either (a) owned by the grantee for at least six months (or such other period as the Committee may prescribe) or (b) having such other characteristics as the Committee may prescribe, in each case having a Fair Market Value (determined as of the date of such delivery by the grantee) equal to all or part of the amount to be so withheld, and"

Upon the effectiveness of the foregoing amendments to the Plan, all references to the Plan shall be deemed to mean the Plan as amended hereby.

AMENDMENT NUMBER 3 TO
MOVADO GROUP, INC. 1996
STOCK INCENTIVE PLAN

The Board of Directors of Movado Group, Inc., a New York corporation (the "Company") hereby adopts this Amendment Number 3 to the Company's 1996 Stock Incentive Plan, as previously amended, (the "Plan") effective upon approval by the holders of a majority in voting power of the outstanding shares of common stock and class A common stock of the Company present in person or represented by proxy and entitled to vote at the next annual meeting of shareholders, currently scheduled to be held June 19, 2001.

1. Section 3 of the Plan is hereby amended to read in its entirety as follows: "3 Eligibility. Awards under the Plan may be granted to such officers, directors and executive, managerial, professional, or other key employees of the Company or its Affiliates and to such non-employee individuals with whom the Company or any of its Affiliates contracts to perform consulting or other services as the Committee shall from time to time in its sole discretion select".
2. In Section 4(a) of the Plan, the first sentence thereof is deleted in its entirety and the following is substituted in lieu thereof "Subject to Section 13 (relating to adjustments upon changes in capitalization), the aggregate number of shares of Stock upon which Awards may be based shall not exceed 3,500,000 shares".
3. Section 4(b) of the Plan is deleted in its entirety and the following is substituted in lieu thereof: "Subject to Section 13 (relating to adjustments upon changes in capitalization), the total number of shares of Stock in respect of which Awards may be granted to any one participant under the Plan during any calendar year shall not exceed 1,200,000 shares of Stock."

Upon the effectiveness of the foregoing amendments to the Plan, all references to the Plan shall be deemed to mean the Plan as amended hereby.

AMENDMENT NUMBER 3
TO LICENSE AGREEMENT

This amendment dated as of January 30 2002, (the "Third Amendment") further amends the License Agreement dated December 9, 1996, as amended by Amendment Number 1 thereto dated as of February 1, 1998 and Amendment Number 2 thereto dated as of September 1, 1999 (referred to herein as "the Agreement") by and between Coach, Inc. (successor in interest to Coach, a division of Sara Lee Corporation), ("Licensor") and Movado Group, Inc. and Movado Watch Company SA (successor in interest to NA Trading SA), (Movado Watch Company SA and Movado Group, Inc. hereinafter referred to together as "Licensee").

WHEREAS, the parties desire to make certain additional changes to the Agreement as set forth below:

NOW THEREFORE in consideration of the mutual covenants and the premises set forth herein, the Agreement is hereby amended as follows:

1. Delete the period at the end of Section 1.5 "Contract Year", and insert the following language immediately following the word "Products": "provided, however that as of February 1, 2002 , Contract Year shall mean each twelve (12) month period beginning February 1 and ending January 31 so that Contract Year 5 will begin February 1, 2002, and provided further that Contract Year 4 will end January 31, 2002."
2. Delete Section 1.2 "Licensor Channels", and substitute therefor the following:

"Licensor Channels" shall mean any entity controlled by Licensor, including without limitation retail outlets, wholesale distributors, Licensor's catalog, Licensor's stand alone retail stores, Licensor's factory outlet stores, Licensor Special Accounts (as hereinafter defined), Licensor's retail stores that are situated within department stores located outside the United States, and retail outlets operated and/or controlled by Coach Japan, Inc."
3. Delete the first sentence of Section 8.2, and substitute therefor the following:

"All Licensed Products for retail sales in Licensor Channels worldwide, including, but

** (CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED FROM PAGES 2 AND 3 AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED ("1934 ACT"))

not limited to, sales to Coach Japan, Inc. shall be sold to Licensor at a price equal to * * for such Licensed Products. Licensee will pay all costs for freight and insurance and applicable import duties and tariffs in connection with all shipments of Licensed Products to any Licensee distribution facility in the United States by any affiliate of or contract manufacturer or assembler used by Licensee. Licensor will pay all costs for freight and insurance and applicable import duties and tariffs in connection with all shipments of Licensed Products from any Licensee distribution facility in the United States to any Licensor Channel or Licensor distribution facility. In connection with Licensed Products sold by Licensee for any Licensor Channel outside the United States, Licensor and Licensee will cooperate to implement the lowest cost shipment alternative it being the intention of the parties however that such costs incurred by Licensor shall not exceed the costs Licensor would incur if such goods were shipped through the United States distribution structure."

4. Section 8.3 is hereby amended by adding the following after the word "price": "provided, however, that Licensee will have the right to make such liquidation sales of Licensed Product up to four (4) times each Contract Year to one or more third parties to whom Licensed Products were at any time previously sold and to such other third parties as to whom Licensor shall consent, which consent will not be unreasonably withheld or delayed".
5. Delete section 10.1 and substitute the following: "The parties have established the following minimums pertaining to Licensee's sales of Licensed Products to Non-Licensor Channels

*

Notwithstanding anything to the contrary contained in the Agreement, there shall be no minimum Non-Licensor Channel sales (either U.S. or non-U.S.) for Contract Year 4."

6. In Section 11.1 of the Agreement, delete the base royalty rates for Contract Year 5 of * and Contract Years 6-10 of * , and substitute the following: "Contract Years 5-10: * ". The sentence immediately thereafter which reads "With respect to all sales to Licensee Special Accounts, Licensee shall pay, in addition to the base royalty an * " is hereby deleted. In addition, paragraph 1 of Amendment Number 2 is hereby deleted.
7. Delete Sections 8.10, 10.3, 11.2 and 11.4 of the Agreement and delete all of Section 8.7 except the first sentence thereof.
8. Amend Section 12.4 as follows: Delete " * " and insert instead " * ". Section 12.4 is hereby further amended by deleting the last two sentences thereof.
9. Delete the first sentence of Section 12.7 and substitute therefor the following:

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

"Licensor agrees that its total worldwide retail advertising expenditures, including catalog expenditures, relating to the Licensed Products shall be * "

10. Delete Section 14.1 and substitute therefor the following:

"This Agreement shall remain in full force and effect from the date this Agreement is entered into by the parties until January 31, 2008, subject to the termination provisions as provided below."

11. Except as set forth in this Third Amendment, the Agreement shall remain in full force and effect.

12. This Third Amendment may be signed by the parties duly executing counterpart originals.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their authorized officers and to become effective as of the date first above written.

COACH, INC.

By: /s/ Keith Monda

Name: Keith Monda

Title: COO

MOVADO WATCH COMPANY SA

By: /s/ Rick Cote

Name: R. Cote

Title: EVP & COO

MOVADO GROUP, INC.

By: /s/ E. Grinberg

Name: Efraim Grinberg

Title: President & CEO

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

FLEET NATIONAL BANK

PROMISSORY NOTE

\$10,000,000.00

As of June 21, 2001

On June 20, 2002 (the "Maturity Date"), for value received, MOVADO GROUP, INC., having its principal office at 125 Chubb Avenue, Lyndhurst, New Jersey 07071 (the "Borrower"), promises to pay to the order of FLEET NATIONAL BANK, having an office at 1185 Avenue of the Americas, New York, New York, 10036 (the "Bank"), at such office of the Bank 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 Ten Million and 00/100 (\$10,000,000.00) 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 and which such changes in the rate of interest resulting from changes in the Prime Rate shall take effect immediately without notice or demand of any kind (a Loan bearing interest at this rate is sometimes hereinafter called a "Prime Loan"), or (ii) a fixed rate as may be agreed upon between the Borrower and the Bank (an "Agreed Rate") 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"); provided, however, that (a) no Interest Period with respect to an Agreed Rate Loan shall extend beyond the Maturity Date, (b) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day and (c) if prior to the end of any such Interest Period of an Agreed Rate Loan the Borrower and the Bank fail to agree upon a new Interest Period therefor so as to maintain such Loan as an Agreed Rate Loan within the pertinent time set forth in Section 1 hereof, such Agreed 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 Interest Period therefor is 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 Agreed Rate Loans shall also be payable on the last day of each Interest Period applicable thereto. The Borrower further agrees that upon and following an Event of Default and/or after any stated or any accelerated maturity of Loans hereunder, all Loans shall bear interest (computed daily) at, (i) with respect to Agreed Rate Loans, a rate equal to the greater of 4% per annum in excess of the rate then applicable to Agreed Rate Loans and 4% per annum in excess of the rate then 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 then 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. If any payment to be so made hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, to the extent permitted by applicable law, interest thereon shall be payable at the then applicable rate during such extension.

All payments made in connection with this Note shall be in lawful money of the United States in immediately available funds without counterclaim or setoff and free and clear of and without any deduction or withholding for, any taxes or other payments. All such payments shall be applied first to the payment of all fees, expenses and other amounts due to the Bank (excluding principal and interest), then to accrued interest, and the balance on account of outstanding principal; provided, however, that after the occurrence of an Event of Default, payments will be applied to the obligations of the Borrower to the Bank as the Bank determines in its sole discretion. 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 Prime Loans and Agreed Rate Loans may be made up until 1 p.m. on the date the Loan is to be made. Any request for a Loan must be written. 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. The Borrower may prepay an Agreed Rate Loan only upon at least three (3) Business Days prior written notice to the Bank (which notice shall be irrevocable) and any such prepayment shall occur only on the last day of the Interest Period for such Agreed Rate Loan.

3. Indemnity: Yield Protection. The Borrower shall pay to the Bank, upon request of the Bank, such amount or amounts as shall be sufficient (in the reasonable opinion of the Bank) to compensate it for any loss, cost, or expense incurred as a result of: (i) any payment of an Agreed Rate Loan on a date other than the last day of the Interest Period for such Loan; (ii) any failure by Borrower to borrow an Agreed Rate Loan on the date specified by Borrower's written notice; (iii) any failure of Borrower to pay an Agreed Rate Loan on the date for payment specified in Borrower's written notice. Without

limiting the foregoing, Borrower shall pay to 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 term chosen pursuant to the Fixed Rate Election as to which the prepayment is made, shall be subtracted from Cost of Funds 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 above referenced United States Treasury securities rate and the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which prepayment is made. The resulting amount shall be the yield maintenance fee due to Bank upon the payment of an Agreed Rate Loan. Each reference in this paragraph to "Fixed Rate Election" shall mean the election by Borrower of Loan to bear interest based on an Agreed Rate. If by reason of an Event of Default, the Bank elects to declare the Loans and/or the Note to be immediately due and payable, then any yield maintenance fee with respect to an Agreed Rate Loan shall become due and payable in the same manner as though the Borrower has 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 Agreed 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. 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.

6. 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 the Borrower or any Guarantor (i) of any other obligation hereunder or (ii) in the due payment of any other obligation owing to the Bank or (iii) under any other document, instrument and/or agreement with or in favor of the Bank; or c) default by Borrower or any Guarantor 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 d) 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 e) the Borrower or any Guarantor 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 any Guarantor or for the greater part of the properties of the Borrower or any Guarantor with the consent of the Borrower or any such Guarantor, or if appointed without the consent of the Borrower or any such Guarantor, such trustee or receiver is not discharged within 30 days, or bankruptcy, reorganization, liquidation or similar proceedings are instituted by or against

the Borrower or any Guarantor under the laws of any jurisdiction, and if instituted against the Borrower or any such Guarantor 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 or any Guarantor not in the possession of the Bank and same shall not be released or bonded within 30 days after levy; or f) any garnishment, levy, writ or warrant of attachment or similar process shall be issued and served against the Bank, which garnishment, levy, writ or warrant of attachment or similar process relates to property of the Borrower or any Guarantor in the possession of the Bank; or g) mortgage or pledge of, creation of a security interest in, any assets of the Borrower, other than security interests in favor of the Bank; or h) the incurrence by the Borrower of any indebtedness for borrowed money, other than obligations owing to the Bank; i) 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 or any Guarantor as determined in the sole discretion of the Bank or one or more other conditions exist or events have occurred with respect to the Borrower or any Guarantor which the Bank deems materially adverse; 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.

7. Set off. At any time, without demand or notice (any such notice being expressly waived by the Borrower), the Bank may setoff any and all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any entity under the control of FleetBoston Financial Corporation and its successors or assigns, or in transit to any of them, or any part thereof and apply same to any of the Liabilities or obligations of the Borrower or any Guarantor 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 DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR 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.

8. Definitions. As used herein;

(a) "Business Day" means a day other than a Saturday, Sunday, or other day on which commercial banks in the State of New York are authorized or required to close under the laws of the State of New York and to the extent "Business Day" is used in the context of any other specific city it shall mean any date on which commercial banks are open for business in that city.

(b) "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.

(c) "Event of Default" shall have the meaning set forth in the Letter Agreement.

(d) "Guarantor(s)" shall have the meaning set forth in the Letter Agreement.

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

(f) "Loan Documents" means this Note and each document, instrument or agreement executed pursuant hereto or thereto or in connection herewith or therewith, together with each other document, instrument or agreement made with or in favor of the Bank.

(g) "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.

9. Miscellaneous.

(a) The Borrower shall pay on demand all expenses of the Bank in connection with the preparation, administration, default, collection, waiver or amendment of this Note or any of the other Loan Documents, and/or in connection with Bank's exercise, preservation or enforcement of any of its rights, remedies or options hereunder and/or thereunder, including, without limitation, fees of outside legal counsel or the allocated costs of in-house legal counsel, accounting, consulting, brokerage or other similar professional fees or expenses, and any fees or expenses associated with travel or other costs relating to any appraisals or examinations conducted in connection with the Liabilities or any collateral therefor, and the amount of all such expenses shall, until paid, bear interest at the rate applicable to principal hereunder (including any default rate) and be an obligation secured by any collateral.

(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 and the other Loan Documents shall be construed in accordance with and governed by the laws of the State of New York (excluding the laws applicable to conflicts or choice of law). The Borrower agrees that any suit for the enforcement of this Note or any of the other Loan Documents may be brought in the courts of the State of New York or any Federal court sitting therein and consents to the nonexclusive jurisdiction of such court and service of process in any such suit being made upon the Borrower by mail at the address set forth in the first paragraph of this Note. The Borrower hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient forum.

(e) The Bank may at any time pledge all or any portion of its rights under this Note and the other 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 of any of the Loan Documents 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 the Borrower, each Guarantor, each other party obligated on this Note and the Bank.

(g) THE BORROWER AND THE BANK (BY ACCEPTANCE OF THIS NOTE) 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 EACH CASE IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND/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, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE BANK RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BANK TO ACCEPT THIS NOTE AND MAKE THE LOANS.

(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 Loan 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) The Bank shall have the unrestricted right at any time and from time to time, and without the consent of or notice to the Borrower or any other party obligated on this Note, to grant to one or more banks or other financial institutions (each, a "Participant") participating interests in any obligation of the Bank to extend credit to the Borrower and/or any or all of the Liabilities held by the Bank. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower, the Bank shall remain responsible for the performance of its obligations hereunder and the Borrower shall continue to deal solely and directly with the Bank in connection with the Bank's rights

and obligations hereunder. The Bank may furnish any information concerning the Borrower in its possession from time to time to prospective assignees and Participants, provided that the Bank shall require any such prospective assignee or Participant to agree in writing to maintain the confidentiality of such information.

(j) This Note shall be binding upon and inure to the benefit of the Borrower, the Bank, all future holders of this Note and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights under this Note without the prior written consent of the Bank. The term "Bank" as used herein shall be deemed to include the Bank and its successors, endorsees and assigns. The Bank shall have the unrestricted right at any time or from time to time, and without the Borrower's consent, to assign all or any portion of its rights and obligations hereunder and/or under any of the other Loan Documents to one or more banks or other financial institutions (each, an "Assignee"), and the Borrower agrees that it shall execute, or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as the Bank shall deem necessary to effect the foregoing. In addition, at the request of the Bank and any such Assignee, the Borrower shall issue one or more new promissory notes, as applicable, to any such Assignee and, if the Bank has retained any of its rights and obligations hereunder following such assignment, to the Bank, which new promissory notes shall be issued in replacement of, but not in discharge of, the liability evidenced by the promissory note held by the Bank prior to such assignment and shall reflect the amount of Loans held by such Assignee and the Bank after giving effect to such assignment. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Bank in connection with such assignment, and the payment by Assignee of the purchase price agreed to by the Bank, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Bank hereunder and under each other assigned Loan Document (and under any and all other guaranties, documents, instruments and agreements executed in connection herewith) to the extent that such rights and obligations have been assigned by the Bank pursuant to the assignment documentation between the Bank and such Assignee, and the Bank shall be released from its obligations hereunder and thereunder to a corresponding extent.

(k) This Note and the other Loan Documents are intended by the parties as the final, complete and exclusive statement of the transactions evidenced thereby. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note and such other Loan Documents, and no party is relying on any promise, agreement or understanding not set forth in this Note or such other Loan Documents. Neither this Note nor any of such other Loan Documents may be amended or modified except by a written instrument describing such amendment or modification executed by the Borrower and the Bank.

(l) This Note shall replace and supersede the Promissory Note made by the Borrower to the order of the Bank, successor by merger to Fleet Bank, National Association dated June 22, 2000 (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. The Borrower shall also pay and this Note shall also evidence any and all unpaid interest on all Loans made by the Bank to the Borrower pursuant to Prior Note, and at the interest rate specified therein, for which this Note has been issued as replacement therefor.

MOVADO GROUP, INC.

By: /s/ Frank V. Kimick

Name: Frank V. Kimick
Title: VP & Treasurer
8/13/01

In order to induce Fleet National Bank, a national banking association (which together with its successors, endorsees and assigns, is hereinafter called the "Bank") to make such advances, loans or extensions of credit, directly or indirectly, to

MOVADO GROUP, INC.

(hereinafter, whether one or more, called the "Borrower") and to grant to the Borrower such renewals, extensions, forbearances, releases of collateral or other relinquishments of rights as the Bank may deem advisable, and for other valuable consideration, the receipt of which is hereby acknowledged, the undersigned (hereinafter, whether one or more, called the "Guarantor") who, if more than one, shall be jointly and severally liable hereunder, hereby absolutely unconditionally Guarantys to the Bank the due and punctual payment when due, whether by acceleration or otherwise, in accordance with the terms thereof, of the principal of and interest on and all other sums payable with respect to any and every obligation or liability of the Borrower to the Bank, whether now existing or hereafter incurred, whether originally contracted with the Bank or with another and transferred to the Bank or otherwise acquired by the Bank, whether contracted by the Borrower alone or jointly with others, and whether absolute or contingent, secured or unsecured, matured or unmatured, including, without limitation, all obligations and liabilities of the Borrower to the Bank, whether existing or hereafter arising, under any foreign exchange contracts, interest rate swap, cap, floor or hedging agreements, or other similar agreements, and all obligations of the Borrower to the Bank to repay overdrafts and other amounts due to the Bank under any existing or future agreements relating to cash management services (such obligations and liabilities of the Borrower being hereinafter collectively called the "Liabilities"). Notwithstanding any language contained in this Guaranty relating to loans, it is expressly intended, contemplated and agreed that each Guarantor's obligations under this Guaranty shall extend to each and all of the Liabilities, whether or not such Liabilities relate directly to loans. All payments made in connection with this Guaranty shall be in lawful money of the United States of America in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction for, any taxes or other payments.

As collateral security for the performance of this Guaranty and all other obligations of the Guarantor to the Bank, whether now or hereafter owed to, or held by, the Bank (and/or any entity controlling, controlled by or under common control with the Bank, each such entity referred to herein as an "Affiliate"), including, without limitation, the Liabilities, the Guarantor hereby grants to the Bank a security interest in and transfers and assigns to the Bank the following property: (1) any and all monies and/or other property now or hereafter held by the Bank and/or any Affiliate on deposit, in safekeeping, or otherwise, for the account of or to the credit of or belonging to any Guarantor or in which any Guarantor shall have any interest (ii) any and claims and demands, presently existing or hereafter arising, and all interest heretofore or hereafter accrued thereon, and any and all collateral or security interests relating thereto and the proceeds thereof, which the Guarantor now has or may hereafter have or acquire against the Borrower (such claims and demands referred to herein as the "Claims") and (iii) any and all property described on the "Schedule of Specific Possessory Collateral" on the reverse side hereof, together with any additions and accessions thereto and substitutions thereof and the products and proceeds thereof. This Guaranty is also secured by (a) any and all property of the Guarantor now or hereafter subject to a security agreement, mortgage, pledge agreement, assignment, hypothecation or other document granting the Bank or any Affiliate a security interest or other lien or encumbrance and (b) any and all collateral described in any and all credit accommodations, notes, loan agreements, and any other agreements and documents, now or hereafter existing, creating, evidencing, Guarantying, securing or relating to any or all of the Liabilities, together with all amendments, modifications, renewals, or extensions thereof. All of the property described in clauses (i), (ii), (iii), (a) and (b) above shall be collectively referred to herein as the "Collateral". The Bank at any time, before or after an Event of Default (as hereinafter defined), may but shall not be obligated to, transfer into or out of its own name or that of its nominee all or any of the Collateral, including stocks, bonds, and other securities, and the Bank or its nominee may demand, sue for, collect, receive and hold as like Collateral any or all interest, dividends and income thereon and if any securities are held in the name of the Bank or its nominee, the Bank may, after an Event of Default exercise all voting and other rights pertaining thereto as if the Bank were the absolute owner thereof; but the Bank shall not be obligated to demand payment of, protest, or take any steps necessary to preserve any rights in the Collateral against prior parties, or to take any action whatsoever in regard to the Collateral or any part thereof, of all of which the Guarantor assumes and agrees to do. Without limiting the generality of the foregoing, the Bank shall not be obligated to take any action in connection with any conversion, call, redemption, retirement or any other event relating to any Collateral, unless the Guarantor gives written notice to the Bank that such action shall be taken not more than thirty (30) days prior to the time such action may first be taken and not less than ten (10) days prior to the expiration of the time during which such action may be taken. At any time, without demand or notice (any such notice being expressly waived by the undersigned), if permitted by applicable law, the Bank may setoff all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any of its Affiliates, 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 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 DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

The Guarantor hereby grants to the Bank full power, without notice to the Guarantor or to the Borrower, and without in any way affecting the joint and

several obligations of each Guarantor hereunder, to deal in any manner with the Borrower, the Liabilities, the Collateral and with any Guarantor hereunder, and any other guarantor of the Liabilities including, without limitation, the following powers: (a) to modify or otherwise change any terms of all or any part of the Liabilities and/or the Collateral, to grant any extension or renewal thereof and any other indulgence with respect thereto, and to effect any release, subordination, compromise, or settlement with respect to the Borrower, the Liabilities, the Collateral, and the obligations of any one or more of the Guarantors; (b) to enter into any agreement of forbearance with respect to all or any part of the Collateral, or with respect to the Liabilities of the Borrower or the obligations of any Guarantor, or to change the terms of any such agreement; (c) to forbear from calling for additional collateral to secure any of the Liabilities or to secure any obligation comprised in the Collateral; and (d) to consent to the substitution, exchange, or release of all or any part of the Collateral, whether or not the collateral, if any, received by the Bank upon any substitution, exchange, or release shall be of the same or of a different character or value than the collateral surrendered by the Bank.

The Guarantor waives any notice of the acceptance of this Guaranty, or of the creation, renewal or accrual of any of the Liabilities, present or future, or of the reliance of the Bank upon this Guaranty. The Liabilities shall conclusively be presumed to have been created, contracted for, incurred or suffered to exist in reliance upon this Guaranty, and all dealings between the Borrower and the Bank shall likewise be presumed to be in reliance upon this Guaranty. The Guarantor waives protest, presentment, demand for payment, notice of default or non-payment, and notice of dishonor to or upon the Guarantor, the Borrower, or any other party liable for any of the Liabilities. The Guarantor acknowledges that this Guaranty and the Guarantor's obligations under this Guaranty are and shall at all times be valid and enforceable irrespective of (a) any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations of the Guarantor under this Guaranty, (b) the obligations of any other person or party (including, without limitation, the Borrower) relating to this Guaranty, or (c) the obligations of the Guarantor under this Guaranty or otherwise with respect to the Liabilities. The obligations of the Guarantor hereunder, and the rights of the Bank in the Collateral, shall not be released, discharged or in any way affected, nor shall the Guarantor have any rights against the Bank by reason of the fact that the Bank fails to preserve any rights in the Collateral or in any collateral granted by the Borrower to the Bank ("Other Collateral") or take any action whatsoever in regard to the Collateral or Other Collateral or that any of the Collateral or Other Collateral may in default at the time of acceptance thereof by the Bank or later; nor by reason of the fact that a valid lien on any of the Collateral or Other Collateral may not be conveyed to, or created in favor of, the Bank; nor by reason of the fact that any of the Collateral or Other Collateral may be subject to equities or defenses or claims in favor of others or may be invalid or defective in any way; nor by reason of the fact that any of the Liabilities may be invalid or unenforceable against the Borrower or any obligor thereon for any reason whatsoever; nor by reason of the fact that the value of the Collateral or Other Collateral, if any, or the financial condition of the Borrower, or of any obligee under the Guaranty, if any, of the Collateral or Other Collateral, may not have been correctly estimated or was thereafter changed; nor by reason of any deterioration, waste, or loss by fire, theft, or otherwise of any of the Collateral or Other Collateral nor by reason of the release, in whole or in part, with or without consideration, of the Collateral or Other Collateral or any of it.

In case the Borrower shall fail to pay all or any part of the Liabilities when due, the Guarantor immediately will pay to the Bank the amount due and unpaid by the Borrower under such Liabilities, in like manner as if such amount constituted the direct and primary obligation of the Guarantor. The Bank shall have its remedy under this Guaranty without being obliged to resort first to the Borrower or the Collateral or the Other Collateral or to any other security or to any other remedy or remedies to enforce payment or collection of the Liabilities, and may pursue all or any of its remedies at one or at different times. With respect to the Claims, the Bank shall have the full right on the part of the Bank in its own name or in the name of the Guarantor to collect and enforce such Claims by legal action, proof of debt in bankruptcy or other liquidation proceedings, vote in any proceeding for the arrangement of debts at any time proposed, or otherwise, the Bank and each of its officers being hereby irrevocably constituted attorneys-in-fact for the Guarantor for the purpose of such enforcement and for the purpose of endorsing in the name of the Guarantor any instrument for the payment of money. The Guarantor will receive as trustee for the Bank and will pay to the Bank forthwith upon receipt thereof any amounts which the Guarantor may receive from the Borrower on account of the said Claims. The Guarantor agrees that at no time hereafter will any of such Claims be represented by any notes, other negotiable instruments or writing, except and in such event they shall either be made payable to the Bank, or if payable to the Guarantor, shall forthwith be endorsed by the Guarantor to the Bank. The Guarantor agrees that no payment on account of such Claims or any security interest therein shall be created, received, accepted or retained nor shall any financing statements filed with respect thereto by the Guarantor unless and until the Borrower has paid and satisfied in full all the Liabilities. The Bank is hereby authorized and empowered, upon the occurrence of any Event of Default, to appropriate and apply to the payment and extinguishment of the Liabilities of the Borrower and obligations of the Guarantor and all claims, demands, monies, property, securities, deposits, or credit balances without demand, advertisement or notice, all of which are hereby expressly waived.

In the event that the bank shall receive any payments on account of any of the Liabilities, whether directly or indirectly, and it shall subsequently be determined that such payments were for any reason improper, or a claim shall be made against the Bank that the same were improper, and the Bank either voluntarily, or pursuant to court order shall return the same, the Guarantor shall be liable, with the same effect as if the said payments had never been paid to, or received by, the Bank, for the amount of such repaid or returned payments, notwithstanding the fact that they may theretofore have been credited on account of the Liabilities or any of them. If the Guaranty hereunder with credited on account of the Liabilities or any of them. If the Guaranty hereunder

with respect to any Guarantor would be held or determined to be void, invalid or unenforceable on account of the amount of such Guarantor's aggregate liability under this Guaranty, then notwithstanding any other provision of this Guaranty to the contrary, the maximum liability of such Guarantor hereunder shall be automatically limited and reduced to an amount equal to the maximum amount that would not render this Guaranty with respect to such Guarantor void, invalid or unenforceable. The invalidity or unenforceability of any portion of this Guaranty shall in no way affect the validity or enforceability of any other portion of this Guaranty.

If any of the following events shall occur (each an "Event of Default"): default by the Borrower with respect to the Liabilities or by the Guarantor with respect to the obligations or liabilities of either of them to the Bank, or in case the Borrower or any Guarantor shall die, or become insolvent, or be unable to meet his or its debts as they mature, or make any assignment for the benefit of creditors, or if an order for relief under the Federal Bankruptcy Code, as now or hereafter in effect, shall be entered against the Borrower or any Guarantor, or if a receiver, trustee or custodian of any kind (either at law or in equity) of any of the property of the Borrower or of any Guarantor is appointed, or if a judgment is obtained or a warrant of attachment issued against the Borrower or any Guarantor, or if the financial or business condition of the Borrower or any Guarantor shall so change as in the opinion of the Bank to impair materially the Bank's security or increase its risk, or in the event of any default in the performance of any obligation comprised in the Collateral or if the Bank in good faith shall deem itself insecure, then the Liabilities of the Borrower and the obligations of the Guarantor to the Bank, whether direct or contingent, and of every description, shall, without notice or demand become immediately due and payable and shall be paid forthwith by the Guarantor: and in such event the Bank may sell or dispose of the whole or any part of the Collateral, at public or private sale with or without any previous demand for performance to the Guarantor or the Borrower. Any legal requirement of notice of any such sale or other disposition shall be deemed satisfied by the giving of ten (10) days prior written notice which shall also be deemed reasonable notice. If the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Bank shall not be required to give notice of public or private sale or other intended disposition of the Collateral. The Bank may retain from the proceeds of any such sale all costs and charges incurred by it in the said taking and sale or other disposal including but not limited to attorney's fees. If a deficit should remain after any such sale or other disposal, the Guarantor will pay the same promptly upon demand to the Bank. The Bank or its agent may bid and/or purchase free from any right or equity of redemption at any such public or private sale. In any event the Guarantor agrees to pay all costs, expenses and reasonable attorney's fees if any Liabilities of the Borrower or any obligations of the Guarantor to the Bank are placed in the hands of an attorney for collection. Any stocks, bonds or other securities held by the Bank hereunder may, whether or not the Borrower or the Guarantor is in default, be registered and held in the name of the Bank or its nominee, and after default the Bank or its nominee may exercise all voting and other corporate rights as if the Bank were the absolute owner thereof.

No delay on the part of the Bank in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder or the failure to exercise same in any instance preclude other or further exercise thereof or the exercise of any other power or right; nor shall the Bank be liable for exercising or failing to exercise any such power or right; the right and remedies hereunder expressly specified are cumulative and not exclusive of any rights or remedies which the Bank or any one in whose behalf it has acted or shall act as herein provided, or its or his or their transferees, may or will otherwise have.

The term "the Bank" as used throughout this instrument shall be deemed to include Fleet National Bank, all of its branches and departments, and any individual, partnership or corporation acting as its nominee or agent, and any corporate subsidiary the stock of which owned or controlled, directly or indirectly, by FleetBoston Financial Corporation and its successors and assigns. The term

"Borrower" as used throughout this instrument shall include the individual or individuals, association, partnership, limited liability company or corporation named herein as the Borrower, and (a) any successor, individual or individuals, association, partnership or limited liability company or corporation to which all or substantially all of the business or assets of the Borrower shall have been transferred, (b) in the case of a Borrower which is a partnership or limited liability company, any new partnership or limited liability company, as the case may be, which shall have been created by reason of the admission of any new partner (member) or partners (members) therein or the dissolution of the existing partnership (limited liability company) by the death, resignation or other withdrawal of any partner (member), and (c) in the case of a Borrower which is a corporation, any other corporation into or with which the Borrower shall have been merged, consolidated, reorganized, purchased or absorbed.

The Guaranty shall, without further reference, pass to and may be relied on and enforced by any successor or assignee of the Bank, and any transferee or subsequent holder of any of the Liabilities and the Borrower and/or the Guarantor will not assert any claims it may have against the Bank against any such assignee, successor, transferee, or any other subsequent holder. NO CLAIM MAY BE MADE BY ANY GUARANTOR AGAINST THE BANK OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE BANK FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR, TO THE FULLEST EXTENT PERMITTED BY LAW, FOR ANY PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT, STATUTORY LIABILITY, OR ANY OTHER GROUND) BASED ON, ARISING OUT OF OR RELATED TO THIS GUARANTY, THE LIABILITIES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH GUARANTOR HEREBY WAIVES, RELEASES AND AGREES NEVER TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER SUCH CLAIM NOW EXISTS OR HEREAFTER ARISES AND WHETHER OR NOT IT IS NOW KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR. This is a continuing guaranty, and is to remain in force throughout business relations between the Borrower and the Bank, and until the payment of all Liabilities of the Borrower to the Bank, whether now existing or hereafter incurred, notwithstanding the appointment of a receiver of, or the dissolution of, and/or any other change in, or with respect to the Borrower. No change, modification, waiver, or discharge, in whole or in part, of this Guaranty shall be effective unless in writing and signed by the party against whom such change, modification, waiver, or discharge is sought to be enforced. However, this Guaranty may be terminated with respect to the obligations of any of the Guarantors (but then only so far as it relates to Liabilities arising after such termination), only upon written notice to that effect delivered by such Guarantor to the Bank and receipt thereof acknowledged in writing by an officer of the Bank. In the event of termination such Guarantor and his, her or its respective executors, administrators and assigns shall nevertheless remain liable with respect to the Liabilities theretofore created or arising, and with respect to such Liabilities and any new renewals, or other liabilities arising out of the same, this instrument shall continue in full force and effect and the Bank shall have all the rights herein provided for as if no such termination had occurred; and the Guarantors, if any, who have not joined in such termination shall continue to be liable hereunder as if no such termination had been effected. In addition to all rights and remedies granted herein, the Bank shall have all of the rights of a Secured Party under the Uniform Commercial Code of the Governing State (which term as used in this Guaranty shall mean the state indicated as such below; provided, that, if no such state is indicated then Governing State shall mean the state where the Bank's office that originated the Liabilities is located). This Guaranty shall be deemed to have been made in the Governing State, the Guarantor consents to the jurisdiction of the state and federal courts of the Governing State, and the rights and liabilities of the parties shall be determined in accordance with the laws of the Governing State (excluding the laws, applicable to conflicts or choice of law).

The Guarantor has made an independent investigation of the Borrower and of the financial condition of the Borrower. The Bank has not made and does not make any representations or warranties as to the income, expense, operation, finances or any other matter or thing affecting the Borrower nor has the Bank made any representation or warranties as to the amount or nature of the Liabilities of the Borrower to which this Guaranty applies as specifically herein set forth, nor has the Bank or any officer, agent or employee of the Bank or any representative thereof, made any other oral representations, agreements, or commitments of any kind or nature, and the Guarantor hereby expressly acknowledges that no such representations or warranties have been made and the Guarantor expressly disclaims reliance on any such representations or warranties. It is agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Guaranty, which alone, fully and completely, expresses their understanding.

The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of the principal of, interest on, or fees with respect to any of the Liabilities of the Borrower is rescinded or must otherwise be restored or returned by the Bank upon insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or otherwise, all as though such payment had not been made.

If for any reason any of the Liabilities of the Borrower have been discharged or have become irrecoverable from the Borrower by operation of law or for any other reason, the liabilities of the Guarantor under this Guaranty shall nevertheless remain in full force and effect notwithstanding such discharge or irrevocability.

EACH GUARANTOR AND THE BANK (BY ACCEPTANCE OF THIS NOTE) KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE GUARANTOR OR THE BANK IN RESPECT OF THIS GUARANTY OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY OTHER LOAN DOCUMENTS, OR ANY COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE BANK RELATING TO THE ADMINISTRATION OF THE LIABILITIES OR ENFORCEMENT OF THIS GUARANTY OR THE LOAN

DOCUMENTS, AND AGREE THAT EACH GUARANTOR AND THE BANK WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, THE GUARANTOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN OR IN ADDITION TO, ACTUAL DAMAGES. THE GUARANTOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR BANK TO ACCEPT THIS GUARANTEE AND EXTEND CREDIT TO THE BORROWER.

EACH GUARANTOR ABSOLUTELY, UNCONDITIONALLY AND IRREVOCABLY ALSO WAIVES, TO THE EXTENT THE GUARANTOR IS AN INDIVIDUAL, ANY CLAIM, RIGHT OR REMEDY, WHICH MAY ARISE BY ANY STATUTE OR OTHERWISE, WHICH THE GUARANTOR MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST THE BORROWER THAT ARISES FROM (I) THE EXECUTION OR PERFORMANCE BY THE GUARANTOR OF ITS OBLIGATIONS TO THE BANK UNDER THIS GUARANTY, INCLUDING, WITHOUT LIMITATION, ANY CLAIM, REMEDY OR RIGHT OR SUBROGATION, REIMBURSEMENT, EXONERATION, CONTRIBUTION, OR INDEMNIFICATION AGAINST THE BORROWER, OR (II) THE PARTICIPATION BY THE GUARANTOR IN ANY CLAIM, RIGHT OR REMEDY OF THE BANK AGAINST THE BORROWER OR IN ANY SECURITY WHICH THE BANK NOW HAS OR HEREAFTER ACQUIRES BY STATUTE, UNDER COMMON LAW OR OTHERWISE.

Each Guarantor hereby authorizes the Bank to date this Guaranty and to complete and fill in any blank spaces in this Guaranty in order to conform to terms upon which the Guaranty is provided. Each Guarantor further authorizes the Bank to execute and file one or more financing statements covering the collateral security or any part thereof and each Guarantor agrees to bear the cost of such filing(s). Upon receipt of an affidavit of an officer of the Bank as to the loss, theft, destruction or mutilation of this Guaranty or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Guaranty or other security document, each Guarantor will issue, in lieu thereof, a replacement Guaranty or other security document.

The Bank shall have the unrestricted right at any time or from time to time, and without any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "Assignee"), and the Guarantor agrees that it shall execute, or cause to be executed, such documents, including without limitation, amendments hereto and to any other documents executed in connection herewith or pursuant hereto (collectively the "Loan Documents") as the Bank shall deem necessary to effect the foregoing. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Bank in connection with such assignment, and the payment by Assignee of the purchase price agreed to by the Bank, and such Assignee, such Assignee shall have all of the rights and obligations of the Bank hereunder (and under any and all other Loan Documents) to the extent that such rights and obligations have been assigned by the Bank pursuant to the assignment documentation between the Bank and such Assignee, and the Bank shall be released from its obligations hereunder and thereunder to a corresponding extent.

The Bank shall have the unrestricted right at any time and from time to time, and without the consent of, or notice to the Borrower or to the Guarantor, to grant one or more banks or other financial institutions (each, a "Participant") participating interests in the Liabilities. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower or the Guarantor, the Bank shall remain responsible for the performance of its obligations under the Loan Documents and the Borrower and the Guarantor shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations thereunder.

The Bank may furnish any information concerning the Guarantor in its possession from time to time to prospective Assignees and Participants, provided that the Bank shall require any such prospective Assignee or Participant to agree in writing to maintain the confidentiality of such information.

(Individual Guarantor only) The Guarantor agrees that the Bank may obtain any credit, employment, and income information about the Guarantor as the Bank deems necessary in connection with this Guaranty. The Bank may obtain a consumer credit report reflecting the Guarantor's personal credit history at the time of origination, modification, extension, renewal or collection of the Liabilities or at any other time deemed appropriate by the Bank. At the Guarantor's request, the Bank will disclose whether it has obtained a report and, if so, the name and address of the consumer reporting agency that provided it.

The Bank may at any time pledge or assign all or any portion of its rights under 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 assignment or enforcement thereof shall release the Bank from its obligations under any of the Loan Documents.

(CONNECTICUT ONLY) COMMERCIAL TRANSACTION. EACH GUARANTOR ACKNOWLEDGES THAT THIS GUARANTY AND EACH TRANSACTION RELATED TO IT IS A "COMMERCIAL TRANSACTION" WITHIN THE MEANING OF CHAPTER 903A OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED. EACH GUARANTOR HEREBY WAIVES ANY RIGHT WHICH IT MIGHT HAVE TO NOTICE AND A HEARING OR A PRIOR COURT ORDER, UNDER SAID CHAPTER 903A OR AS OTHERWISE PROVIDED UNDER ANY APPLICABLE FEDERAL OR STATE LAW, IN THE EVENT THE BANK SEEKS ANY PREJUDGMENT REMEDY IN CONNECTION WITH THIS GUARANTY.

The term "Bank" as used herein shall be deemed to include the Bank and its successors, endorsers and assigns.

Governing State: _____

Schedule of Specific Possessory Collateral _____

IN WITNESS WHEREOF, this instrument has been duly executed as a sealed instrument by the undersigned on the _____ day of _____, _____

IN THE PRESENCE OF:

Bank Officer/Notary

Bank Officer/Notary

GUARANTORS:
INDIVIDUAL SIGNORS:

Name: Individually

(Address)

Name: Individually

(Address)

CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY OR LIMITED LIABILITY PARTNERSHIP SIGNORS:

Movado Corporation, a Delaware Corporation

Name of Corporation, Partnership or Limited Liability Company/Partnership

Bank Officer/Notary

By: /s/ Rick Cote

Name: Rick Cote
Title:

In order to induce Fleet National Bank, a national banking association (which together with its successors, endorsees and assigns, is hereinafter called the "Bank") to make such advances, loans or extensions of credit, directly or indirectly, to

MOVADO GROUP, INC.

(hereinafter, whether one or more, called the "Borrower") and to grant to the Borrower such renewals, extensions, forbearances, releases of collateral or other relinquishments of rights as the Bank may deem advisable, and for other valuable consideration, the receipt of which is hereby acknowledged, the undersigned (hereinafter, whether one or more, called the "Guarantor") who, if more than one, shall be jointly and severally liable hereunder, hereby absolutely unconditionally Guarantys to the Bank the due and punctual payment when due, whether by acceleration or otherwise, in accordance with the terms thereof, of the principal of and interest on and all other sums payable with respect to any and every obligation or liability of the Borrower to the Bank, whether now existing or hereafter incurred, whether originally contracted with the Bank or with another and transferred to the Bank or otherwise acquired by the Bank, whether contracted by the Borrower alone or jointly with others, and whether absolute or contingent, secured or unsecured, matured or unmatured, including, without limitation, all obligations and liabilities of the Borrower to the Bank, whether existing or hereafter arising, under any foreign exchange contracts, interest rate swap, cap, floor or hedging agreements, or other similar agreements, and all obligations of the Borrower to the Bank to repay overdrafts and other amounts due to the Bank under any existing or future agreements relating to cash management services (such obligations and liabilities of the Borrower being hereinafter collectively called the "Liabilities"). Notwithstanding any language contained in this Guaranty relating to loans, it is expressly intended, contemplated and agreed that each Guarantor's obligations under this Guaranty shall extend to each and all of the Liabilities, whether or not such Liabilities relate directly to loans. All payments made in connection with this Guaranty shall be in lawful money of the United States of America in immediately available funds without counterclaim or setoff and free and clear of, and without any deduction for, any taxes or other payments.

As collateral security for the performance of this Guaranty and all other obligations of the Guarantor to the Bank, whether now or hereafter owed to, or held by, the Bank (and/or any entity controlling, controlled by or under common control with the Bank, each such entity referred to herein as an "Affiliate"), including, without limitation, the Liabilities, the Guarantor hereby grants to the Bank a security interest in and transfers and assigns to the Bank the following property: (1) any and all monies and/or other property now or hereafter held by the Bank and/or any Affiliate on deposit, in safekeeping, or otherwise, for the account of or to the credit of or belonging to any Guarantor or in which any Guarantor shall have any interest (ii) any and all claims and demands, presently existing or hereafter arising and all interest heretofore or hereafter accrued thereon, and any and all collateral or security interests relating thereto and the proceeds thereof, which the Guarantor now has or may hereafter have or acquire against the Borrower (such claims and demands referred to herein as the "Claims") and (iii) any and all property described on the "Schedule of Specific Possessory Collateral" on the reverse side hereof, together with any additions and accessions thereto and substitutions thereof and the products and proceeds thereof. This Guaranty is also secured by (a) any and all property of the Guarantor now or hereafter subject to a security agreement, mortgage, pledge agreement, assignment, hypothecation or other document granting the Bank or any Affiliate a security interest or other lien or encumbrance and (b) any and all collateral described in any and all credit accommodations, notes, loan agreements, and any other agreements and documents, now or hereafter existing, creating, evidencing, Guarantying, securing or relating to any or all of the Liabilities, together with all amendments, modifications, renewals, or extensions thereof. All of the property described in clauses (i), (ii), (iii), (a) and (b) above shall be collectively referred to herein as the "Collateral". The Bank at any time, before or after an Event of Default (as hereinafter defined), may, but shall not be obligated to, transfer into or out of its own name or that of its nominee all or any of the Collateral, including stocks, bonds, and other securities, and the Bank or its nominee may demand, sue for, collect, receive and hold as like Collateral any or all interest, dividends and income thereon and if any securities are held in the name of the Bank or its nominee, the Bank may, after an Event of Default exercise all voting and other rights pertaining thereto as if the Bank were the absolute owner thereof; but the Bank shall not be obligated to demand payment of, protest, or take any steps necessary to preserve any rights in the Collateral against prior parties, or to take any action whatsoever in regard to the Collateral or any part thereof, all of which the Guarantor assumes and agrees to do. Without limiting the generality of the foregoing, the Bank shall not be obligated to take any action in connection with any conversion, call, redemption, retirement or any other event relating to any Collateral, unless the Guarantor gives written notice to the Bank that such action shall be taken not more than thirty (30) days prior to the time such action may first be taken and not less than ten (10) days prior to the expiration of the time during which such action may be taken. At any time, without demand or notice (any such notice being expressly waived by the undersigned), if permitted by applicable law, the Bank may setoff all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any of its Affiliates, 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 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 DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

The Guarantor hereby grants to the Bank full power, without notice to the Guarantor or to the Borrower, and without in any way affecting the joint and

several obligations of each Guarantor hereunder, to deal in any manner with the Borrower, the Liabilities, the Collateral and with any Guarantor hereunder, and any other guarantor of the Liabilities including, without limitation, the following powers: (a) to modify or otherwise change any terms of all or any part of the Liabilities and/or the Collateral, to grant any extension or renewal thereof and any other indulgence with respect thereto, and to effect any release, subordination, compromise, or settlement with respect to the Borrower, the Liabilities, the Collateral, and the obligations of any one or more of the Guarantors; (b) to enter into any agreement of forbearance with respect to all or any part of the Collateral, or with respect to the Liabilities of the Borrower or the obligations of any Guarantor, or to change the terms of any such agreement; (c) to forbear from calling for additional collateral to secure any of the Liabilities or to secure any obligation comprised in the Collateral; and (d) to consent to the substitution, exchange, or release of all or any part of the Collateral, whether or not the collateral, if any, received by the Bank upon any substitution, exchange, or release shall be of the same or of a different character or value than the collateral surrendered by the Bank.

The Guarantor waives any notice of the acceptance of this Guaranty, or of the creation, renewal or accrual of any of the Liabilities, present or future, or of the reliance of the Bank upon this Guaranty. The Liabilities shall conclusively be presumed to have been created, contracted for, incurred or suffered to exist in reliance upon this Guaranty, and all dealings between the Borrower and the Bank shall likewise be presumed to be in reliance upon this Guaranty. The Guarantor waives protest, presentment, demand for payment, notice of default or non-payment, and notice of dishonor to or upon the Guarantor, the Borrower, or any other party liable for any of the Liabilities. The Guarantor acknowledges that this Guaranty and the Guarantor's obligations under this Guaranty are and shall at all times be valid and enforceable irrespective of (a) any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations of the Guarantor under this Guaranty, (b) the obligations of any other person or party (including, without limitation, the Borrower) relating to this Guaranty, or (c) the obligations of the Guarantor under this Guaranty or otherwise with respect to the Liabilities. The obligations of the Guarantor hereunder; and the rights of the Bank in the Collateral, shall not be released, discharged or in any way affected, nor shall the Guarantor have any rights against the Bank by reason of the fact that the Bank fails to preserve any rights in the Collateral or in any collateral granted by the Borrower to the Bank ("Other Collateral") or take any action whatsoever in regard to the Collateral or Other Collateral or that any of the Collateral or Other Collateral may be in default at the time of acceptance thereof by the Bank or later: nor by reason of the fact that a valid lien on any of the Collateral or Other Collateral may not be conveyed to, or created in favor of, the Bank; nor by reason of the fact that any of the Collateral or Other Collateral may be subject to equities or defenses or claims in favor of others or may be invalid or defective in any way; nor by reason of the fact that any of the Liabilities may be invalid or unenforceable against the Borrower or any obligor thereon for any reason whatsoever; nor by reason of the fact that the value of the Collateral or Other Collateral, if any, or the financial condition of the Borrower, or of any obligee under the Guaranty, if any, of the Collateral or Other Collateral, may not have been correctly estimated or was thereafter changed; nor by reason of any deterioration, waste, or loss by fire, theft, or otherwise of any of the Collateral or Other Collateral nor by reason of the release, in whole or in part, with or without consideration, of the Collateral or Other Collateral or any of it.

In case the Borrower shall fail to pay all or any part of the Liabilities when due, the Guarantor immediately will pay to the Bank the amount due and unpaid by the Borrower under such Liabilities, in like manner as if such amount constituted the direct and primary obligation of the Guarantor. The Bank shall have its remedy under this Guaranty without being obliged to resort first to the Borrower or the Collateral or the Other Collateral or to any other security or to any other remedy or remedies to enforce payment or collection of the Liabilities, and may pursue all or any of its remedies at one or at different times. With respect to the Claims, the Bank shall have the full right on the part of the Bank in its own name or in the name of the Guarantor to collect and enforce such Claims by legal action, proof of debt in bankruptcy or other liquidation proceedings, vote in any proceeding for the arrangement of debts at any time proposed, or otherwise, the Bank and each of its officers being hereby irrevocably constituted attorneys-in-fact for the Guarantor for the purpose of such enforcement and for the purpose of endorsing in the name of the Guarantor any instrument for the payment of money. The Guarantor will receive as trustee for the Bank and will pay to the Bank forthwith upon receipt thereof any amounts which the Guarantor may receive from the Borrower on account of the said Claims. The Guarantor agrees that at no time hereafter will any of such Claims be represented by any notes, other negotiable instruments or writings, except and in such event they shall either be made payable to the Bank, or if payable to the Guarantor, shall forthwith be endorsed by the Guarantor to the Bank. The Guarantor agrees that no payment on account of such Claims or any security interest therein shall be created, received, accepted or retained nor shall any financing statement be filed with respect thereto by the Guarantor unless and until the Borrower has paid and satisfied in full all the Liabilities. The Bank is hereby authorized and empowered, upon the occurrence of any Event of Default, to appropriate and apply to the payment and extinguishment of the Liabilities of the Borrower and obligations of the Guarantor and all claims, demands, monies, property, securities, deposits, or credit balances without demand, advertisement or notice, all of which are hereby expressly waived.

In the event that the bank shall receive any payments on account of any of the Liabilities, whether directly or indirectly, and it shall subsequently be determined that such payments were for any reason improper, or a claim shall be made against the Bank that the same were improper, and the Bank either voluntarily, or pursuant to court order shall return the same, the Guarantor shall be liable, with the same effect as if the said payments had never been paid to, or received by, the Bank, for the amount of such repaid or returned payments, notwithstanding the fact that they may theretofore have been credited on account of the Liabilities or any of them. If the Guaranty hereunder with respect to any Guarantor would be held or determined to be void, invalid or

unenforceable on account of the amount of such Guarantor's aggregate liability under this Guaranty, then notwithstanding any other provision of this Guaranty to the contrary, the maximum liability of such Guarantor hereunder shall be automatically limited and reduced to an amount equal to the maximum amount that would not render this Guaranty with respect to such Guarantor void, invalid or unenforceable. The invalidity or unenforceability of any portion of this Guaranty shall in no way affect the validity or enforceability of any other portion of this Guaranty.

If any of the following events shall occur (each an "Event of Default"): default by the Borrower with respect to the Liabilities or by the Guarantor with respect to the obligations or liabilities of either of them to the Bank, or in case the Borrower or any Guarantor shall die, or become insolvent, or be unable to meet his or its debts as they mature, or make any assignment for the benefit of creditors, or if an order for relief under the Federal Bankruptcy Code, as now or hereafter in effect, shall be entered against the Borrower or any Guarantor, or if a receiver, trustee or custodian of any kind (either at law or in equity) of any of the property of the Borrower or of any Guarantor is appointed, or if a judgment is obtained or a warrant of attachment issued against the Borrower or any Guarantor, or if the financial or business condition of the Borrower or any Guarantor shall so change as in the opinion of the Bank to impair materially the Bank's security or increase its risk, or in the event of any default in the performance of any obligation comprised in the Collateral or if the Bank in good faith shall deem itself insecure, then the Liabilities of the Borrower and the obligations of the Guarantor to the Bank, whether direct or contingent, and of every description, shall, without notice or demand become immediately due and payable and shall be paid forthwith by the Guarantor; and in such event the Bank may sell or dispose of the whole or any part of the Collateral, at public or private sale with or without any previous demand for performance to the Guarantor or the Borrower. Any legal requirement of notice of any such sale or other disposition shall be deemed satisfied by the giving of ten (10) days prior written notice which shall also be deemed reasonable notice. If the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Bank shall not be required to give notice of public or private sale or other intended disposition of the Collateral. The Bank may retain from the proceeds of any such sale all costs and charges incurred by it in the said taking and sale or other disposal including but not limited to attorney's fees. If a deficit should remain after any such sale or other disposal, the Guarantor will pay the same promptly upon demand to the Bank. The Bank or its agent may bid and/or purchase free from any right or equity of redemption at any such public or private sale. In any event the Guarantor agrees to pay all costs, expenses and reasonable attorney's fees if any Liabilities of the Borrower or any obligations of the Guarantor to the Bank are placed in the hands of an attorney for collection. Any stocks, bonds or other securities held by the Bank hereunder may, whether or not the Borrower or the Guarantor is in default, be registered and held in the name of the Bank or its nominee, and after default the Bank or its nominee may exercise all voting and other corporate rights as if the Bank were the absolute owner thereof.

No delay on the part of the Bank in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder or the failure to exercise same in any instance preclude other or further exercise thereof or the exercise of any other power or right; nor shall the Bank be liable for exercising or failing to exercise any such power or right; the right and remedies hereunder expressly specified are cumulative and not exclusive of any rights or remedies which the Bank or any one in whose behalf it has acted or shall act as herein provided, or its or his or their transferees, may or will otherwise have.

The term "the Bank" as used throughout this instrument shall be deemed to include Fleet National Bank, all of its branches and departments, and any individual, partnership or corporation acting as its nominee or agent, and any corporate subsidiary the stock of which owned or controlled, directly or indirectly, by FleetBoston Financial Corporation and its successors and assigns. The term

"Borrower" as used throughout this instrument shall include the individual or individuals, association, partnership, limited liability company or corporation named herein as the Borrower, and (a) any successor, individual or individuals, association, partnership or limited liability company or corporation to which all or substantially all of the business or assets of the Borrower shall have been transferred, (b) in the case of a Borrower which is a partnership or limited liability company, any new partnership or limited liability company, as the case may be, which shall have been created by reason of the admission of any new partner (member) or partners (members) therein or the dissolution of the existing partnership (limited liability company) by the death, resignation or other withdrawal of any partner (member), and (c) in the case of a Borrower which is a corporation, any other corporation into or with which the Borrower shall have been merged, consolidated, reorganized, purchased or absorbed.

The Guaranty shall, without further reference, pass to and may be relied on and enforced by any successor or assignee of the Bank, and any transferee or subsequent holder of any of the Liabilities and the Borrower and/or the Guarantor will not assert any claims it may have against the Bank against any such assignee, successor, transferee, or any other subsequent holder. NO CLAIM MAY BE MADE BY ANY GUARANTOR AGAINST THE BANK OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE BANK FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR, TO THE FULLEST EXTENT PERMITTED BY LAW, FOR ANY PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT, STATUTORY LIABILITY, OR ANY OTHER GROUND) BASED ON, ARISING OUT OF OR RELATED TO THIS GUARANTY, THE LIABILITIES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH GUARANTOR HEREBY WAIVES, RELEASES AND AGREES NEVER TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER SUCH CLAIM NOW EXISTS OR HEREAFTER ARISES AND WHETHER OR NOT IT IS NOW KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR. This is a continuing guaranty, and is to remain in force throughout business relations between the Borrower and the Bank, and until the payment of all Liabilities of the Borrower to the Bank, whether now existing or hereafter incurred, notwithstanding the appointment of a receiver of, or the dissolution of, and/or any other change in, or with respect to the Borrower. No change, modification, waiver, or discharge, in whole or in part, of this Guaranty shall be effective unless in writing and signed by the party against whom such change, modification, waiver, or discharge is sought to be enforced. However, this Guaranty may be terminated with respect to the obligations of any of the Guarantors (but then only so far as it relates to Liabilities arising after such termination), only upon written notice to that effect delivered by such Guarantor to the Bank and receipt thereof acknowledged in writing by an officer of the Bank. In the event of termination such Guarantor and his, her or its respective executors, administrators and assigns shall nevertheless remain liable with respect to the Liabilities theretofore created or arising, and with respect to such Liabilities and any new renewals, or other liabilities arising out of the same, this instrument shall continue in full force and effect and the Bank shall have all the rights herein provided for as if no such termination had occurred; and the Guarantors, if any, who have not joined in such termination shall continue to be liable hereunder as if no such termination had been effected. In addition to all rights and remedies granted herein, the Bank shall have all of the rights of a Secured Party under the Uniform Commercial Code of the Governing State (which term as used in this Guaranty shall mean the state indicated as such below; provided, that, if no such state is indicated then Governing State shall mean the state where the Bank's office that originated the Liabilities is located). This Guaranty shall be deemed to have been made in the Governing State, the Guarantor consents to the jurisdiction of the state and federal courts of the Governing State, and the rights and liabilities of the parties shall be determined in accordance with the laws of the Governing State (excluding the laws, applicable to conflicts or choice of law).

The Guarantor has made an independent investigation of the Borrower and of the financial condition of the Borrower. The Bank has not made and does not make any representations or warranties as to the income, expense, operation, finances or any other matter or thing affecting the Borrower nor has the Bank made any representation or warranties as to the amount or nature of the Liabilities of the Borrower to which this Guaranty applies as specifically herein set forth, nor has the Bank or any officer, agent or employee of the Bank or any representative thereof, made any other oral representations, agreements, or commitments of any kind or nature, and the Guarantor hereby expressly acknowledges that no such representations or warranties have been made and the Guarantor expressly disclaims reliance on any such representations or warranties. It is agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Guaranty, which alone, fully and completely, expresses their understanding.

The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of the principal of, interest on, or fees with respect to any of the Liabilities of the Borrower is rescinded or must otherwise be restored or returned by the Bank upon insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or otherwise, all as though such payment had not been made.

If for any reason any of the Liabilities of the Borrower have been discharged or have become irrecoverable from the Borrower by operation of law or for any other reason, the liabilities of the Guarantor under this Guaranty shall nevertheless remain in full force and effect notwithstanding such discharge or irrevocability.

EACH GUARANTOR AND THE BANK (BY ACCEPTANCE OF THIS NOTE) KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE GUARANTOR OR THE BANK IN RESPECT OF THIS GUARANTY OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY OTHER LOAN DOCUMENTS, OR ANY COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE BANK RELATING TO THE ADMINISTRATION OF THE LIABILITIES OR ENFORCEMENT OF THIS GUARANTY OR THE LOAN

DOCUMENTS, AND AGREE THAT EACH GUARANTOR AND THE BANK WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, THE GUARANTOR HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN OR IN ADDITION TO, ACTUAL DAMAGES. THE GUARANTOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR BANK TO ACCEPT THIS GUARANTEE AND EXTEND CREDIT TO THE BORROWER.

EACH GUARANTOR ABSOLUTELY, UNCONDITIONALLY AND IRREVOCABLY ALSO WAIVES, TO THE EXTENT THE GUARANTOR IS AN INDIVIDUAL, ANY CLAIM, RIGHT OR REMEDY, WHICH MAY ARISE BY ANY STATUTE OR OTHERWISE, WHICH THE GUARANTOR MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST THE BORROWER THAT ARISES FROM (I) THE EXECUTION OR PERFORMANCE BY THE GUARANTOR OF ITS OBLIGATIONS TO THE BANK UNDER THIS GUARANTY, INCLUDING, WITHOUT LIMITATION, ANY CLAIM, REMEDY OR RIGHT OR SUBROGATION, REIMBURSEMENT, EXONERATION, CONTRIBUTION, OR INDEMNIFICATION AGAINST THE BORROWER, OR (II) THE PARTICIPATION BY THE GUARANTOR IN ANY CLAIM, RIGHT OR REMEDY OF THE BANK AGAINST THE BORROWER OR IN ANY SECURITY WHICH THE BANK NOW HAS OR HEREAFTER ACQUIRES BY STATUTE, UNDER COMMON LAW OR OTHERWISE.

Each Guarantor hereby authorizes the Bank to date this Guaranty and to complete and fill in any blank spaces in this Guaranty in order to conform to terms upon which the Guaranty is provided. Each Guarantor further authorizes the Bank to execute and file one or more financing statements covering the collateral security or any part thereof and each Guarantor agrees to bear the cost of such filing(s). Upon receipt of an affidavit of an officer of the Bank as to the loss, theft, destruction or mutilation of this Guaranty or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Guaranty or other security document, each Guarantor will issue, in lieu thereof, a replacement Guaranty or other security document.

The Bank shall have the unrestricted right at any time or from time to time, and without any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "Assignee"), and the Guarantor agrees that it shall execute, or cause to be executed, such documents, including without limitation, amendments hereto and to any other documents executed in connection herewith or pursuant hereto (collectively the "Loan Documents") as the Bank shall deem necessary to effect the foregoing. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Bank in connection with such assignment, and the payment by Assignee of the purchase price agreed to by the Bank, and such Assignee, such Assignee shall have all of the rights and obligations of the Bank hereunder (and under any and all other Loan Documents) to the extent that such rights and obligations have been assigned by the Bank pursuant to the assignment documentation between the Bank and such Assignee, and the Bank shall be released from its obligations hereunder and thereunder to a corresponding extent.

The Bank shall have the unrestricted right at any time and from time to time, and without the consent of, or notice to the Borrower or to the Guarantor, to grant one or more banks or other financial institutions (each, a "Participant") participating interests in the Liabilities. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower or the Guarantor, the Bank shall remain responsible for the performance of its obligations under the Loan Documents and the Borrower and the Guarantor shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations thereunder.

The Bank may furnish any information concerning the Guarantor in its possession from time to time to prospective Assignees and Participants, provided that the Bank shall require any such prospective Assignee or Participant to agree in writing to maintain the confidentiality of such information.

(Individual Guarantor only) The Guarantor agrees that the Bank may obtain any credit, employment, and income information about the Guarantor as the Bank deems necessary in connection with this Guaranty. The Bank may obtain a consumer credit report reflecting the Guarantor's personal credit history at the time of origination, modification, extension, renewal or collection of the Liabilities or at any other time deemed appropriate by the Bank. At the Guarantor's request, the Bank will disclose whether it has obtained a report and, if so, the name and address of the consumer reporting agency that provided it.

The Bank may at any time pledge or assign all or any portion of its rights under 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 assignment or enforcement thereof shall release the Bank from its obligations under any of the Loan Documents.

(CONNECTICUT ONLY) COMMERCIAL TRANSACTION. EACH GUARANTOR ACKNOWLEDGES THAT THIS GUARANTY AND EACH TRANSACTION RELATED TO IT IS A "COMMERCIAL TRANSACTION" WITHIN THE MEANING OF CHAPTER 903A OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED. EACH GUARANTOR HEREBY WAIVES ANY RIGHT WHICH IT MIGHT HAVE TO NOTICE AND A HEARING OR A PRIOR COURT ORDER, UNDER SAID CHAPTER 903A OR AS OTHERWISE PROVIDED UNDER ANY APPLICABLE FEDERAL OR STATE LAW, IN THE EVENT THE BANK SEEKS ANY PREJUDGMENT REMEDY IN CONNECTION WITH THIS GUARANTY.

The term "Bank" as used herein shall be deemed to include the Bank and its successors, endorsers and assigns.

Governing State: _____

Schedule of Specific Possessory Collateral _____

IN WITNESS WHEREOF, this instrument has been duly executed as a sealed instrument by the undersigned on the _____ day of _____, _____

IN THE PRESENCE OF:

Bank Officer/Notary

Bank Officer/Notary

GUARANTORS:
INDIVIDUAL SIGNORS:

Name: Individually

(Address)

Name: Individually

(Address)

CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY OR LIMITED LIABILITY PARTNERSHIP SIGNORS:

Swissam Inc., a New Jersey Corporation

Name of Corporation, Partnership or Limited Liability Company/Partnership

Bank Officer/Notary

By: /s/ Daniel R. Phelen

Name: Daniel R. Phelen
Title: President Retail Operations

(Address)

Signatures must be notarized if Guarantee is not executed in the presence of a Bank officer.

[THE BANK OF NEW YORK LETTERHEAD]

Mr. Kenneth C. Johnson
Chief Financial Officer
Movado Group, Inc.
125 Chubb Avenue
Lyndhurst, New Jersey 07071

Re: Line of Credit to Movado Group, Inc. (the "Company")

Dear Mr. Johnson:

The Bank of New York (the "Bank") is pleased to confirm that it continues to hold available to the Company an unsecured line of credit.

The line of credit shall be held available until July 31, 2002 unless canceled earlier as provided in the last sentence of this paragraph. During the period the line of credit is held available, the line of credit may be used for direct borrowings by the Company provided that the aggregate amount of all extensions of credit under the line of credit at any one time outstanding (including all extensions of credit which were made under the line of credit prior to the date of this letter and are outstanding as of the date of this letter) shall not exceed \$5,000,000. The line of credit may be canceled by either party at any time for any reason.

The making of any extension of credit under the line of credit is in the Bank's sole and absolute discretion and is subject to the Bank's satisfaction with the condition (financial and otherwise), business, prospects, properties, assets, ownership, management and operations of the Company and the purpose of each extension of credit. In furtherance of the foregoing, the Bank shall be permitted to inspect the books and records of the Company as the Bank may request from time to time, and there shall be furnished to the Bank such financial statements, documents and other information concerning the Company as the Bank may request from time to time.

All extensions of credit under the line of credit in the form of direct borrowings by the Company (including all extensions of credit which were made under the line of credit prior to the date of this letter and are outstanding as of the date of this letter) shall be evidenced by the

Amended and Restated Master Promissory Note dated June 27, 2000 made by the Company to the order of the Bank in the principal amount of \$5,000,000.00 and shall be payable and bear interest as provided therein.

Prior to the making of any extension of credit under the line of credit after the date of this letter, the Bank shall have received the enclosed copy of this letter and such other instruments, certificates and related documents as the Bank shall consider necessary or desirable in connection with the line of credit and the extensions of credit to be made under the line of credit, in each case duly executed by the appropriate persons and in form and substance satisfactory to the Bank.

This letter may not be amended, and compliance with its terms may not be waived, orally or by course of dealing, but only by a writing signed by an authorized officer of the Bank.

The Company agrees to pay all costs and expenses incurred by the Bank incidental to or in any way relating to enforcement of the Company's obligations under this letter or the protection of the Bank's rights in connection with this letter, including, without limitation, reasonable attorneys' fees and expenses, whether or not litigation is commenced.

THE COMPANY AND THE BANK WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS LETTER.

Please acknowledge the agreement of the Company with the foregoing by executing both copies of this letter in the space below and returning one copy to the Bank.

Very truly yours,

THE BANK OF NEW YORK

BY: /s/ Linda Mae Coppa

Linda Mae Coppa
Vice President

Acknowledged and Agreed to:

MOVADO GROUP, INC.

BY: /s/ Kenneth C. Johnson

Name: -----

Title: -----

California:
North American Watch Service Corporation

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

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

Switzerland:
Concord Watch Company, S.A.
Movado Watch Company, S.A.
Montres Movado Bienne, S.A.

Canada:
Movado Group of Canada, Inc.

Japan:
Concord Movado Japan Co., Ltd.

Singapore:
Swissam Pte. Ltd.

Hong Kong:
Swissam Ltd.
Swissam Products Ltd.

Germany:
Movado Deutschland G.m.b.H.
Concord Deutschland G.m.b.H.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-80789 and No. 333-13927) of Movado Group, Inc. of our report dated March 15, 2002 relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Florham Park, New Jersey
April 30, 2002