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UNITED STATES

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

For the Quarterly Period Ended April 30, 2006

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

For the transition period from                      to

Commission File Number 1-16497

MOVADO GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

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

13-2595932  
(IRS Employer  
Identification No.)

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

07652  
(Zip Code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer,  
an accelerated filer or a non-accelerated filer. See definition of "accelerated  
filer" or "large accelerated filer" in Rule 12b-2 of the Exchange Act. Large  
accelerated filer  Accelerated filer  Non-accelerated filer

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

The number of shares outstanding of the registrant's common stock and class  
A common stock as of May 31, 2006 were 18,714,861 and 6,766,909, respectively.  
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MOVADO GROUP, INC.

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April 30, 2006

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PART I - FINANCIAL INFORMATION  
Item 1. Financial Statements

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

	April 30, 2006	January 31, 2006	April 30, 2005
	-----	-----	-----
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 82,560	\$123,625	\$ 49,641
Trade receivables, net	116,523	109,852	102,115
Inventories	213,763	198,582	202,498
Other	34,199	26,596	35,055
	-----	-----	-----
Total current assets	447,045	458,655	389,309
Property, plant and equipment, net	51,003	52,168	53,389
Other	39,774	39,069	37,548
	-----	-----	-----
Total assets	\$537,822	\$549,892	\$480,246
	=====	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Loans payable to banks	\$ --	\$ --	\$ 18,000
Current portion of long-term debt	5,000	5,000	--
Accounts payable	33,432	35,529	35,289
Accrued liabilities	35,748	43,065	35,830
Current taxes payable	287	7,724	--
Deferred taxes	871	503	5,131
	-----	-----	-----
Total current liabilities	75,338	91,821	94,250
Long-term debt	97,323	104,955	45,000
Deferred and non-current income taxes	13,181	11,947	12,046
Other liabilities	20,244	19,491	16,425
	-----	-----	-----
Total liabilities	206,086	228,214	167,721
	-----	-----	-----
Commitments and contingencies (Note 8)			
Minority interest	231	--	--
Shareholders' equity:			
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized; no shares issued	--	--	--
Common Stock, \$0.01 par value, 100,000,000 shares authorized; 23,260,013, 23,215,836 and 22,973,787 shares issued, respectively	233	232	230
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized; 6,766,909, 6,766,909 and 6,782,040 shares issued and outstanding, respectively	68	68	68
Capital in excess of par value	109,387	107,965	102,410
Retained earnings	237,850	236,515	214,695
Accumulated other comprehensive income	34,742	27,673	46,188
Treasury Stock, 4,613,645, 4,613,645 and 4,612,976 shares, respectively, at cost	(50,775)	(50,775)	(51,066)
	-----	-----	-----
Total shareholders' equity	331,505	321,678	312,525
	-----	-----	-----
Total liabilities and equity	\$537,822	\$549,892	\$480,246
	=====	=====	=====

See Notes to Consolidated Financial Statements

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

	Three Months Ended April 30,	
	2006	2005
	-----	-----
Net sales	\$97,744	\$87,756
Cost of sales	38,154	34,918
	-----	-----
Gross profit	59,590	52,838
Selling, general and administrative	56,156	50,699
	-----	-----
Operating income	3,434	2,139
Interest expense	(943)	(878)
Interest income	891	69
Minority interest	79	--
	-----	-----
Income before income taxes	3,461	1,330
Provision for income taxes	606	333
	-----	-----
Net income	\$ 2,855	\$ 997
	=====	=====
Earnings per share:		
Basic	\$ 0.11	\$ 0.04
	=====	=====
Diluted	\$ 0.11	\$ 0.04
	=====	=====
Weighted-average shares outstanding:		
Basic	25,436	25,051
	=====	=====
Diluted	26,395	26,020
	=====	=====

See Notes to Consolidated Financial Statements

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

	Three Months Ended April 30,	
	2006	2005
Cash flows from operating activities:		
Net income	\$ 2,855	\$ 997
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	3,669	4,230
Deferred income taxes	(858)	(469)
Provision for losses on accounts receivable	684	300
Provision for losses on inventory	180	(99)
Stock-based compensation	539	251
Excess tax benefit from stock-based compensation	(460)	--
Minority interest	(79)	--
Changes in assets and liabilities:		
Trade receivables	(6,159)	2,184
Inventories	(12,142)	(17,477)
Other current assets	(2,147)	(6,524)
Accounts payable	(2,493)	(3,078)
Accrued liabilities	(7,561)	(4,011)
Current taxes payable	(6,965)	1,318
Other non-current assets	(1,063)	1,056
Other non-current liabilities	748	(779)
Net cash used in operating activities	(31,252)	(22,101)
Cash flows from investing activities:		
Capital expenditures	(2,138)	(4,772)
Trademarks	(119)	(85)
Net cash used in investing activities	(2,257)	(4,857)
Cash flows from financing activities:		
Payments on long-term debt	(9,391)	--
Net proceeds from bank borrowings	--	18,000
Stock options exercised and other changes	423	(1,508)
Excess tax benefit from stock-based compensation	460	--
Dividends paid	(1,523)	(1,255)
Net cash (used in) / provided by financing activities	(10,031)	15,237
Effect of exchange rate changes on cash and cash equivalents	2,475	(2,420)
Net decrease in cash and cash equivalents	(41,065)	(14,141)
Cash and cash equivalents at beginning of period	123,625	63,782
Cash and cash equivalents at end of period	<u>\$ 82,560</u>	<u>\$ 49,641</u>

See Notes to Consolidated Financial Statements

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

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by Movado Group, Inc. (the "Company") in a manner consistent with that used in the preparation of the consolidated financial statements included in the Company's fiscal 2006 Annual Report filed on Form 10-K. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the financial position and results of operations for the periods presented. These consolidated financial statements should be read in conjunction with the aforementioned annual report. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

NOTE 1 - RECLASSIFICATION

Certain reclassifications were made to prior years' financial statement amounts and related note disclosures to conform to the fiscal 2007 presentation.

NOTE 2 - STOCK-BASED COMPENSATION

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

On February 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)"), electing to use the modified prospective application transition method, and accordingly, prior period financial statements have not been restated. Under this method, the fair value of all stock options granted after adoption and the unvested portion of previously granted awards must be recognized in the Consolidated Statements of Income. The Company utilizes the Black-Scholes option-pricing model to calculate the fair value of each option at the grant date which requires certain assumptions be made. The expected life of stock option grants is determined using historical data and represents the time period which the stock option is expected to be outstanding until it is exercised. The risk free interest rate is the yield on the grant date of U.S. Treasury constant maturities with a maturity date closest to the expected life of the stock option. The expected stock price volatility is derived from historical volatility and calculated based on the estimated term structure of the stock option grant. The expected dividend yield is calculated using the expected annualized dividend which remains constant during the expected term of the option.

The weighted-average assumptions used with the Black-Scholes option-pricing model for the calculation of the fair value of stock option grants during the three months ended April 30, 2006 were: expected term of 3.62

years; risk-free interest rate of 4.66%; expected volatility of 31.75% and dividend yield of 1.19%. The weighted-average grant date fair value of options granted during the three months ended April 30, 2006 was \$5.56.

Total compensation expense for unvested stock option grants recognized during the three months ended April 30, 2006 was approximately \$0.2 million, net of a tax benefit of \$0.1 million. Expense related to stock option compensation is recognized on a straight-line basis over the vesting term. As of April 30, 2006, there was approximately \$2.8 million of unrecognized compensation cost related to unvested stock options. These costs are expected to be recognized over a weighted-average period of 2.8 years. Total cash received for stock option exercises during the three months ended April 30, 2006 amounted to approximately \$0.4 million. Windfall tax benefits realized on these exercises were approximately \$0.1 million.

Prior to February 1, 2006, employee stock options were accounted for under the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at grant date over the amount an employee must pay to acquire the stock. Accordingly, compensation expense had not been recognized for stock options granted at or above fair value. Had compensation expense been determined and recorded based upon the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", net income (in thousands) and net income per share would have been reduced to pro forma amounts for the three months ended April 30, 2005 as follows:

(In thousands, except per share data)	Three Months Ended April 30, 2005 -----
Net income as reported	\$ 997
Fair value based compensation expense, net of taxes	(838)
	-----
Pro forma net income	\$ 159
	=====
Basic earnings per share:	
As reported	\$0.04
Pro forma under SFAS 123	\$0.01
Diluted earnings per share:	
As reported	\$0.04
Pro forma under SFAS 123	\$0.01

The weighted-average assumptions used with the Black-Scholes option-pricing model for the calculation of the fair value of stock option grants during the three months ended April 30, 2005 were: expected term of 7.0 years; risk-free interest rate of 3.76%; expected volatility of 46.50% and dividend yield of 1.74%. The weighted-average grant date fair value of options granted during the three months ended April 30, 2005 was \$8.11.

Stock option transactions for the three months ended April 30, 2006 are summarized as follows:

	Number of Options	Weighted-Average Exercise Price
	-----	-----
January 31, 2006	3,169,613	\$12.96
Options granted	21,000	\$19.33
Options exercised	(42,564)	\$ 8.96
	-----	-----
April 30, 2006	3,148,049	\$13.06
	=====	=====

The total intrinsic value of stock options exercised for the three months ended April 30, 2006 and 2005 was approximately \$0.5 million and \$5.1 million, respectively. The total fair value of the stock options vested for the three months ended April 30, 2006 and 2005 was approximately \$1.2 million and \$2.5 million, respectively.

The following table summarizes outstanding and exercisable stock options as of April 30, 2006:

Range of Exercise Prices	Number Outstanding	Weighted- Average Remaining Contractual Life (Years)	Weighted- Average Exercise Price	Number Exercisable	Weighted- Average Exercise Price
-----	-----	-----	-----	-----	-----
\$ 3.12 - \$ 6.22	160,360	4.0	\$ 4.25	160,360	\$ 4.25
\$ 6.23 - \$ 9.34	283,916	3.1	\$ 7.03	261,016	\$ 7.01
\$ 9.35 - \$12.45	808,229	4.0	\$10.70	784,129	\$10.73
\$12.46 - \$15.57	1,253,797	5.1	\$14.49	943,697	\$14.59
\$15.58 - \$18.68	623,747	6.2	\$18.08	373,416	\$18.37
\$18.69 - \$21.81	18,000	9.2	\$19.76	334	\$18.75
	-----	---	-----	-----	-----
	3,148,049	5.0	\$13.06	2,522,952	\$12.51
	-----	---	-----	-----	-----

The total intrinsic value of outstanding and exercisable stock options as of April 30, 2006 was approximately \$20.8 million and \$18.1 million, respectively.

Under the 1996 Stock Incentive Plan, the Company has the ability to grant restricted stock to certain employees. Restricted stock grants generally vest three years from the date of grant. Expense for these grants is recognized on a straight-line basis over the vesting period. The fair value of restricted stock grants is equal to the closing price of the Company's publicly-traded common stock on the grant date. Total compensation expense for restricted stock grants recognized during the three months ended April 30, 2006 and 2005 was \$0.2 million, net of a tax benefit of \$0.1 million for each period. Prior to February 1, 2006, compensation expense for restricted stock grants was reduced as actual forfeitures of the awards occurred. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant in order to estimate the amount of share-based awards that will ultimately vest and thus, current period compensation expense has been adjusted for estimated forfeitures based on historical data. As of April 30, 2006, there was approximately \$2.4 million of unrecognized compensation cost related to unvested restricted stock. These costs are expected to be recognized over a weighted-average period of 2.0 years.



Restricted stock transactions for the three months ended April 30, 2006 are summarized as follows:

	Number of Restricted Stock Units -----	Weighted-Average Grant Date Fair Value -----
January 31, 2006	321,090	\$14.39
Units granted	46,400	\$20.43
Units vested	(92,390)	\$ 9.83
Units forfeited	(220)	\$13.27
	-----	-----
April 30, 2006	274,880	\$16.95
	=====	=====

Restricted stock units are exercised simultaneously when they vest and are issued from the pool of authorized shares. The total intrinsic value of restricted stock units that vested during the three months ended April 30, 2006 was approximately \$1.8 million. The windfall tax benefits realized on the restricted stock grants for the three months ended April 30, 2006 were \$0.3 million. The weighted-average grant date fair value for restricted stock grants for the three months ended April 30, 2006 and 2005 were \$20.43 and \$17.90, respectively. Outstanding restricted stock units had a total intrinsic value of approximately \$5.4 million as of April 30, 2006.

#### NOTE 3 - COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) for the three months ended April 30, 2006 and 2005 are as follows (in thousands):

	Three Months Ended April 30, -----	
	2006	2005 -----
Net income	\$2,855	\$ 997
Net unrealized gain on investments, net of tax	7	10
Net change in effective portion of hedging contracts, net of tax	1,905	(337)
Foreign currency translation adjustment (1)	5,157	(2,192)
	-----	-----
Total comprehensive income (loss)	\$9,924	(\$1,522)
	=====	=====

(1) The currency translation adjustments are not adjusted for income taxes as they relate to permanent investments in international subsidiaries.

#### NOTE 4 - SEGMENT INFORMATION

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

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

Operating Segment Data for the Three Months Ended April 30, 2006 and 2005 (in thousands):

	Net Sales		Operating Income (Loss)	
	2006	2005	2006	2005
Wholesale	\$81,003	\$72,605	\$ 4,686	\$ 3,733
Retail	16,741	15,151	(1,252)	(1,594)
Consolidated total	\$97,744	\$87,756	\$ 3,434	\$ 2,139

	Total Assets		
	April 30, 2006	January 31, 2006	April 30, 2005
Wholesale	\$471,296	\$484,767	\$417,962
Retail	66,526	65,125	62,284
Consolidated total	\$537,822	\$549,892	\$480,246

Geographic Segment Data for the Three Months Ended April 30, 2006 and 2005 (in thousands):

	Net Sales		Operating (Loss) Income	
	2006	2005	2006	2005
Domestic	\$72,554	\$68,072	(\$3,066)	(\$1,314)
International	25,190	19,684	6,500	3,453
Consolidated total	\$97,744	\$87,756	\$ 3,434	\$ 2,139

Domestic and International net sales are net of intercompany sales of \$49.5 million and \$46.0 million for the three months ended April 30, 2006 and 2005, respectively.

	Total Assets		
	April 30, 2006	January 31, 2006	April 30, 2005
Domestic	\$347,621	\$391,310	\$278,806
International	190,201	158,582	201,440
Consolidated total	\$537,822	\$549,892	\$480,246

	Long-Lived Assets		
	April 30, 2006	January 31, 2006	April 30, 2005
Domestic	\$37,010	\$37,101	\$36,957
International	13,993	15,067	16,432
Consolidated total	\$51,003	\$52,168	\$53,389

NOTE 5 - EXECUTIVE RETIREMENT PLAN

The Company has a number of employee benefit plans covering substantially all employees. Certain eligible executives of the Company have elected to defer a portion of their compensation on a pre-tax basis under a defined contribution, supplemental executive retirement plan (SERP) sponsored by the Company. The SERP was adopted effective June 1, 1995, and provides eligible executives with supplemental pension benefits in addition to amounts received under the Company's other retirement plans. The Company makes a matching contribution which vests over five years. For the quarter ended April 30, 2006 and 2005, the Company recorded an expense related to the SERP of approximately \$0.2 million for each period.

NOTE 6 - INVENTORIES

Inventories consist of the following (in thousands):

	April 30, 2006 -----	January 31, 2006 -----	April 30, 2005 -----
Finished goods	\$139,476	\$135,160	\$147,323
Component parts	67,561	59,325	47,544
Work-in-process	6,726	4,097	7,631
	-----	-----	-----
	\$213,763	\$198,582	\$202,498
	=====	=====	=====

NOTE 7 - 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 25,436,000 and 25,051,000 for the three months ended April 30, 2006 and 2005, respectively. For diluted earnings per share, these amounts were increased by 959,000 and 969,000 for the three months ended April 30, 2006 and 2005, respectively, due to potentially dilutive common stock equivalents issuable under the Company's stock option plan and restricted stock grants.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

At April 30, 2006, the Company had outstanding letters of credit totaling \$1.2 million with expiration dates through May 31, 2007. One bank in the domestic bank group has issued irrevocable standby letters of credit for retail and operating facility leases to various landlords, for the administration of the Movado Boutique private-label credit card and Canadian payroll to the Royal Bank of Canada.

As of April 30, 2006, two European banks have guaranteed obligations to third parties on behalf of two of the Company's foreign subsidiaries in the amount of approximately \$3.2 million in various foreign currencies.

The Company is involved from time to time in legal claims involving trademarks and intellectual property, contracts, employee relations and other matters incidental to the Company's business. Although the outcome of such items cannot be determined with certainty, the Company's general counsel and management believe that the final outcome would not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

NOTE 9 -- SUBSEQUENT EVENT

On May 31, 2006, the Compensation Committee of the Board of Directors (the "Committee") of Movado Group, Inc. (the "Company") adopted the Movado Group, Inc. Executive Long-Term Incentive Plan (the "LTIP") pursuant to Section 9 of the Movado Group, Inc. 1996 Stock Incentive Plan (as amended and restated, the "Plan"). Key employees of the Company selected by the Committee are eligible to participate in the LTIP. The LTIP provides for the award of "Performance Share Units" (as defined in the Plan) during the three years ending January 31, 2009 (the "Award Period"). Performance Share Units are equivalent, one for one, to shares of "Stock" (as defined in the Plan) that vest based on the Company's achievement of its "operating margin" (as defined in the LTIP) for fiscal year 2009 (the "Performance Goal"). Each participant's target award is expressed as a number of Performance Share Units. The actual number of shares of Stock earned by a participant is based on the Company's actual performance at the end of the Award Period relative to the Performance Goal and can range from 0% to 150% of the target award.

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

### FORWARD-LOOKING STATEMENTS

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

These risks and uncertainties, along with the risk factors discussed under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K, should be considered in evaluating any forward-looking statements contained in this Quarterly Report on Form 10-Q or incorporated by reference herein. All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are qualified by the cautionary statements in this section. The Company undertakes no obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report.

### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenues and expenses. Estimates by their nature are based on judgments and available information. Therefore, actual results could materially differ from those estimates under different assumptions and conditions.

Critical accounting policies are those that are most important to the portrayal of the Company's financial condition and the results of operations and require management's most difficult, subjective and complex judgments as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company's most critical accounting policies have been discussed in the Company's Annual Report on Form 10-K for the year ended January 31, 2006. In applying such policies, management must use significant estimates that are based on its informed judgment. Because of the uncertainty inherent in these estimates, actual results could differ from estimates used in applying the critical accounting policies. Changes in such estimates, based on more accurate future information, may affect amounts reported in future periods.

As of April 30, 2006, except as noted below, there have been no material changes to any of the critical accounting policies as disclosed in its Annual Report on Form 10-K for the fiscal year ended January 31, 2006.

On February 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" (SFAS No. 123(R)), electing to use the modified prospective application transition method, and accordingly, prior period financial statements have not been restated. Under this method, the fair value of all employee stock options granted after adoption and the unvested portion of previously granted awards must be recognized in the Consolidated Statements of Income. Prior to February 1, 2006, employee stock option grants were accounted for under the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at grant date over the amount an employee must pay to acquire the stock. Accordingly, compensation expense had not been recognized for employee stock options granted at or above fair value.

#### Overview

The Company divides its watch business into distinct categories. The luxury category is comprised of the Ebel and Concord brands. The accessible luxury category is comprised of the Movado and ESQ brands. The licensed brands category represents all brands distributed under licensing agreements and includes Coach, Hugo Boss and Tommy Hilfiger.

Results of operations for the three months ended April 30, 2006 as compared to the three months ended April 30, 2005

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

	Three Months Ended April 30,	
	2006	2005
	-----	-----
Wholesale:		
Domestic	\$55,813	\$52,921
International	25,190	19,684
Retail	16,741	15,151
	-----	-----
Net Sales	\$97,744	\$87,756
	=====	=====

Net sales increased by \$10.0 million or 11.4% for the three months ended April 30, 2006 as compared to the three months ended April 30, 2005.

Sales in the domestic wholesale segment were \$55.8 million or 5.5% above prior year sales of \$52.9 million. The increase of \$2.9 million was attributed to higher sales in the accessible luxury brands. Movado was above prior year by \$2.2 million as the brand achieved increased sell through at retail in the major chain and department store businesses. ESQ was above prior year by \$0.8 million as the brand continues to gain positive retailer response to the new model introductions as well as the ESQ&U marketing campaign. The luxury brands were flat year over year. Ebel was above prior year resulting from retailer orders of the newly introduced Brasilia collection. This increase was offset by lower Concord sales, as planned, as the Company begins development of a new strategic plan for the re-launch of the brand. The licensed brands were relatively flat year over year.

Sales in the international wholesale business were \$25.2 million or 28.0% above prior year sales of \$19.7 million. In the luxury brands, sales increased by 48.9%. Increased sales were recorded in Ebel with the Brasilia collection launch while lower sales were recorded in Concord for the same reasons as in the domestic wholesale segment. In the accessible luxury brands, Movado sales were below prior year by \$1.4 million due to planned reductions in the brand's overseas distribution. In the licensed brands, sales were above prior year by 47.8%. The growth was driven by Hugo Boss due to the launch of the new collection of Hugo Boss watches.

Sales in the retail segment were \$1.6 million or 10.5% above prior year sales of \$15.2 million. The increase was driven by an overall 12.1% increase in Movado Boutique sales. This was the result of a 4.5% comparable store sales increase in the Movado Boutiques along with sales from three non-comparable stores year over year. The Company's outlets stores were above prior year by 8.9%. This was the result of a 6.5% comparable store sales increase along with the sales from one additional store. The Company operated 27 Movado Boutiques and 28 outlet stores at April 30, 2006 compared to 25 Movado Boutiques and 27 outlet stores at April 30, 2005.

The Company considers comparative store sales to be sales of stores that were open as of February 1st of the last year through January 31st of the current year. The sales from stores that have been relocated, renovated or refurbished are included in the calculation of comparable store sales. The method of calculating comparative store sales varies across the retail industry. As a result, the calculation of comparative store sales may not be the same as measures reported by other companies.

Gross Profit. The gross profit for the three months ended April 30, 2006 was \$59.6 million or 61.0% of net sales as compared to \$52.8 million or 60.2% of net sales for the three months ended April 30, 2005. The increase in gross profit of \$6.8 million was the result of the higher sales volume. The increase in gross profit as a percentage of sales by 80 basis points was driven by higher margins in the Company's new product introductions and higher margins in the Movado Boutiques.

Selling, General and Administrative ("SG&A"). Selling, general and administrative expenses for the three months ended April 30, 2006 were \$56.2 million or 57.5% of net sales as compared to \$50.7 million or 57.8% of net sales for the three months ended April 30, 2005. The dollar increase reflects spending primarily to invest in the Company's growth initiatives, including higher marketing spending of \$1.2 million to support the sales growth initiatives, added spending of \$0.6 million in support of the retail expansion and higher payroll and related expenses of \$2.6 million reflecting salary increases as well as increased headcount to support the growth for both new and existing brands. In addition, as a result of the consolidation of the Company's majority-owned joint venture with Financiere TWC SA ("TWC") established to distribute the licensed brands in France and Germany, \$0.4 million of expense was recorded in the consolidated results.

Wholesale Operating Income. Operating income in the wholesale segment increased by \$1.0 million to \$4.7 million. The increase was the net result of higher gross margin of \$5.8 million, partially offset by the increase in SG&A expenses of \$4.8 million.

The higher gross margin of \$5.8 million was the result of the increase in net sales of \$8.4 million. The increase in the SG&A expenses of \$4.8 million is primarily due to higher marketing spending of \$1.2 million to support the sales growth initiatives and higher payroll and related expenses of \$2.6 million reflecting salary increases as well as increased headcount to support the growth for both new and existing brands. In addition, as a result of the consolidation of the Company's majority-owned joint venture with TWC established to distribute the licensed brands in France and Germany, \$0.4 million of expense was recorded in the consolidated results.

Retail Operating Loss. Operating losses of \$1.3 million and \$1.6 million were recorded in the retail segment for the three months ended April 30, 2006 and 2005, respectively.

The decrease in operating loss was the net result of higher gross margin of \$0.9 million offset by higher operating expenses of \$0.6 million. The increased gross margin was primarily attributed to higher sales as a result of total comparable store sales increase of 5.4% as well as the three Movado Boutiques and one additional outlet store that were not open during the full three month period ended April 30, 2005. The higher operating expenses were primarily the result of added spending for the three new Movado Boutiques and one additional outlet store.

Interest Expense. Interest expense for the three months ended April 30, 2006 and 2005 was \$0.9 million for each period. Average borrowings were \$106.5 million at an average borrowing rate of 3.4% for the three months ended April 30, 2006 compared to average borrowings of \$51.5 million at an average rate of 5.7% for the three months ended April 30, 2005.

Interest Income. Interest income was \$0.9 million for the three months ended April 30, 2006 as compared to \$0.1 million for the three months ended April 30, 2005. The repatriated foreign earnings of \$150 million in the fourth quarter of fiscal year 2006 under the American Jobs Creation Act of 2004 resulted in significantly higher cash balances in the United States. The cash invested in the United States generated interest income at the rate of 4.5%.

Income Taxes. The Company recorded a tax expense of \$0.6 million for the three months ended April 30, 2006 as compared to a tax expense of \$0.3 million for the three months ended April 30, 2005. Taxes were recorded at an effective tax rate of 17.5% and 25.0% for the three months ended April 30, 2006 and 2005, respectively. The lower effective tax rate is the result of the Company's adoption of tax planning strategies in Switzerland which will enable it to utilize a greater portion of the Swiss net operating loss carryforward.

Net Income. For the quarter ended April 30, 2006, the Company recorded net income of \$2.9 million as compared to \$1.0 million for the quarter ended April 30, 2005.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities amounted to \$31.3 million for the three months ended April 30, 2006 and \$22.1 million for the three months ended April 30, 2005. The cash used in operating activities for the first quarter reflects the historic pattern of the Company in using cash to fund its working capital needs, primarily to build inventories. The increase of \$9.2 million in the cash used during the three months ended April 30, 2006 as compared to the three months ended April 30, 2005 is primarily due to current tax payments of \$8.7 million related to the tax liability associated with the fiscal 2006 year-end repatriation of foreign earnings under the American Jobs Creation Act of 2004.



Cash used in investing activities amounted to \$2.3 million and \$4.9 million for the three months ended April 30, 2006 and 2005, respectively. The cash used during both periods consisted of the capital expenditures related to the build out and renovations of existing retail operations. Additionally, cash used during the three months ended April 30, 2006 included the acquisition of tooling and development for new product introductions and computer hardware and software enhancements. Cash used in the prior period also included the acquisition of machinery and equipment to further automate distribution activities.

Cash used by financing activities amounted to \$10.0 million for the three months ended April 30, 2006 compared to cash provided of \$15.2 million for the three months ended April 30, 2005. Cash used by financing activities for the three months ended April 30, 2006 was primarily to pay down long-term debt and to pay dividends while cash provided in the three months ended April 30, 2005 resulted primarily from the proceeds of short-term borrowings required to fund the Company's working capital needs.

During fiscal 1999, the Company issued \$25.0 million of Series A Senior Notes under a Note Purchase and Private Shelf Agreement dated November 30, 1998. These notes bear interest of 6.90% per annum, mature on October 30, 2010 and are subject to annual repayments of \$5.0 million commencing October 31, 2006. These notes contain certain financial covenants including an interest coverage ratio and maintenance of consolidated net worth and certain non-financial covenants that restrict the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. At April 30, 2006, the Company was in compliance with all financial and non-financial covenants and \$25.0 million of these notes were issued and outstanding.

As of March 21, 2004, the Company amended its Note Purchase and Private Shelf Agreement, originally dated March 21, 2001, to expire on March 21, 2007. This agreement allows for the issuance, for up to three years after the date thereof, of senior promissory notes in the aggregate principal amount of up to \$40.0 million with maturities up to 12 years from their original date of issuance. On October 8, 2004, the Company issued, pursuant to the Note Purchase Agreement, 4.79% Senior Series A-2004 Notes due 2011 (the "Senior Series A-2004 Notes"), in an aggregate principal amount of \$20.0 million, which will mature on October 8, 2011 and are subject to annual repayments of \$5.0 million commencing on October 8, 2008. Proceeds of the Senior Series A-2004 Notes have been used by the Company for capital expenditures, repayment of certain of its debt obligations and general corporate purposes. These notes contain certain financial covenants including an interest coverage ratio and maintenance of consolidated net worth and certain non-financial covenants that restrict the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. As of April 30, 2006, the Company was in compliance with all financial and non-financial covenants and \$20.0 million of these notes were issued and outstanding.

On June 30, 2005, the Company renewed its promissory note for a \$5.0 million unsecured working capital line with Bank of New York, originally dated June 27, 2000. The line expires on July 31, 2006. The Company had no outstanding borrowings under the line as of April 30, 2006 and 2005.

On December 12, 2005, the Company executed a line of credit letter agreement with Bank of America and an amended and restated promissory note in the principal amount of up to \$20.0 million payable to Bank of America. Pursuant to the line of credit letter agreement, Bank of America will consider requests for short-term loans and documentary letters of credit for the importation of merchandise inventory, the aggregate amount of which at any time outstanding shall not exceed \$20.0 million. The Company's obligations under the agreement are guaranteed by its subsidiaries, Movado Retail Group, Inc. and Movado LLC. Pursuant to the amended and restated promissory note, the Company promised to pay to Bank of America \$20.0 million, or such lesser amount as may then be the unpaid balance of all loans made by Bank of America to the Company thereunder, in

immediately available funds upon the maturity date of June 16, 2006. The Company has the right to prepay all or part of any outstanding amounts under the promissory note without penalty at any time prior to the maturity date. The amended and restated promissory note bears interest at an annual rate equal to either (i) a floating rate equal to the prime rate or (ii) such fixed rate as may be agreed upon by the Company and Bank of America for an interest period which is also then agreed upon. The amended and restated promissory note contains various representations and warranties and events of default that are customary for instruments of that type. As of April 30, 2006, there were no outstanding borrowings against this line.

On December 13, 2005, the Company executed a promissory note in the principal amount of up to \$37.0 million payable to JPMorgan Chase Bank, N.A. ("Chase"). Pursuant to the promissory note, the Company promised to pay to Chase \$37.0 million, or such lesser amount as may then be the unpaid balance of each loan made or letter of credit issued by Chase to the Company thereunder, upon the maturity date of July 31, 2006; provided that during the period between January 31, 2006 and the maturity date, the maximum principal amount of all loans made by Chase to the Company, and outstanding under the promissory note, shall not exceed \$2.0 million. The Company has the right to prepay all or part of any outstanding amounts under the promissory note without penalty at any time prior to the maturity date. The promissory note bears interest at an annual rate equal to either (i) a floating rate equal to the prime rate, (ii) a fixed rate equal to an adjusted LIBOR plus 0.625% or (iii) a fixed rate equal to a rate of interest offered by Chase from time to time on any single commercial borrowing. The promissory note contains various events of default that are customary for instruments of that type. In addition, it is an event of default for any security interest or other encumbrance to be created or imposed on the Company's property, other than as permitted in the lien covenant of the Credit Agreement. Chase issued 11 irrevocable standby letters of credit for retail and operating facility leases to various landlords, for the administration of the Movado Boutique private-label credit card and Canadian payroll to the Royal Bank of Canada totaling \$1.2 million with expiration dates through March 31, 2007. As of April 30, 2006, there were no outstanding borrowings against this promissory note.

On December 15, 2005, the Company, and its Swiss subsidiaries, MGI Luxury Group S.A. and Movado Watch Company SA, entered into a credit agreement with JPMorgan Chase Bank, N.A., JPMorgan Securities, Inc., Bank of America, N.A., The Bank of New York and Citibank, N.A. (the "Swiss Credit Agreement") which provides for a revolving credit facility of 90.0 million Swiss francs and matures on December 15, 2010. The obligations of the Company's two Swiss subsidiaries under this credit agreement are guaranteed by the Company under a Parent Guarantee, dated as of December 15, 2005, in favor of the lenders. The credit agreement contains financial covenants including an interest coverage ratio, average debt coverage ratio and limitations on capital expenditures and certain non-financial covenants that restrict the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. The credit facility bears interest at a rate equal to the LIBOR (as defined in the Swiss Credit Agreement) plus a margin ranging from .50% per annum to .875% per annum (depending upon a leverage ratio). As of April 30, 2006, the Company was in compliance with all financial and non-financial covenants, and had 71.0 million Swiss francs, with a dollar equivalent of \$57.3 million, outstanding under this revolving credit facility.

On December 15, 2005, the Company and its Swiss subsidiaries, MGI Luxury Group S.A. and Movado Watch Company SA, entered into a credit agreement with JPMorgan Chase Bank, N.A., JPMorgan Securities, Inc., Bank of America, N.A., The Bank of New York and Citibank, N.A. (the "US Credit Agreement") which provides for a revolving credit facility of \$50.0 million (including a sublimit for borrowings in Swiss francs of up to \$25.0 million) with a provision to allow for an increase of an additional \$50.0 million subject to certain terms and conditions. The US Credit Agreement will mature on December 15, 2010. The obligations of MGI Luxury Group S.A. and Movado Watch Company SA are guaranteed by the Company under a Parent Guarantee, dated as of December 15, 2005, in favor of the lenders. The obligations of the Company are guaranteed by certain domestic subsidiaries of the Company under subsidiary guarantees, in favor of the

lenders. The credit agreement contains financial covenants including an interest coverage ratio, average debt coverage ratio and limitations on capital expenditures and certain non-financial covenants that restrict the Company's activities regarding investments and acquisitions, mergers, certain transactions with affiliates, creation of liens, asset transfers, payment of dividends and limitation of the amount of debt outstanding. The credit facility bears interest, at Borrower's option, at a rate equal to the Adjusted LIBOR (as defined in the US Credit Agreement) plus a margin ranging from .50% per annum to .875% per annum (depending upon a leverage ratio), or the Alternate Base Rate (as defined in the US Credit Agreement). As of April 30, 2006, the Company was in compliance with all financial and non-financial covenants, and there were no outstanding borrowings against this line.

A Swiss subsidiary of the Company maintains unsecured lines of credit with an unspecified length of time with a Swiss bank. Available credit under these lines totaled 8.0 million Swiss francs, with dollar equivalents of \$6.5 million and \$6.7 million at April 30, 2006 and 2005, respectively. As of April 30, 2006, two European banks have guaranteed obligations to third parties on behalf of two of the Company's foreign subsidiaries in the amount of \$3.2 million in various foreign currencies. As of April 30, 2006, there were no outstanding borrowings against these lines.

The Company paid dividends per share of \$0.06 or approximately \$1.5 million, for the three months ended April 30, 2006 and \$0.05 per share or approximately \$1.3 million for the three months ended April 30, 2005.

Cash and cash equivalents at April 30, 2006 amounted to \$82.6 million compared to \$49.6 million at April 30, 2005. The increase in cash and cash equivalents primarily relates to the Company's borrowings in the fourth quarter of fiscal 2006 to repatriate foreign earnings to the United States under the American Jobs Creation Act of 2004.

#### Off-Balance Sheet Arrangements

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

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

#### Foreign Currency and Commodity Price Risks

The majority of the Company's purchases are denominated in Swiss francs. The Company reduces its exposure to the Swiss franc exchange rate risk through a hedging program. Under the hedging program, the Company manages most of its foreign currency exposures on a consolidated basis, which allows it to net certain exposures and take advantage of natural offsets. The Company uses various derivative financial instruments to further reduce the net exposures to currency fluctuations, predominately forward and option contracts. These derivatives either (a) are used to hedge the Company's Swiss franc liabilities and are recorded at fair value with the changes in fair value reflected in earnings or (b) are documented as cash flow hedges with the gains and losses on this latter hedging activity first reflected in other comprehensive income, and then later classified into earnings in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. In both cases, the earnings impact is partially offset by the effects of currency movements on the underlying hedged transactions. If the Company did not engage in a hedging program, any change in the Swiss franc to local currency would have an equal effect on the Company's cost of sales. In addition, the Company hedges its Swiss franc payable exposure with forward contracts. As of April 30, 2006, the Company's entire net forward contracts hedging portfolio consisted of 139.0 million Swiss francs equivalent for various expiry dates ranging through March 30, 2007. If the Company was to settle its Swiss franc forward contracts at April 30, 2006, the net result would be a gain of \$1.9 million, net of tax of \$1.2 million. As of April 30, 2006, the Company had 23.0 million Swiss franc option contracts related to cash flow hedges for various expiry dates ranging through April 30, 2007. If the Company was to settle its Swiss franc option contracts at April 30, 2006, the net result would be a gain of \$0.7 million, net of tax of \$0.4 million.

The Company's Board of Directors authorized the hedging of the Company's Swiss franc denominated investment in its wholly-owned Swiss subsidiaries using purchase options under certain limitations. These hedges are treated as net investment hedges under SFAS No. 133. As of April 30, 2006, the Company did not hold a purchased option hedge portfolio related to net investment hedging.

#### Commodity Risk

Additionally, the Company has a hedging program related to gold used in the manufacturing of the Company's watches. Under this hedging program, the Company purchases various commodity derivative instruments, primarily future contracts. These derivatives are documented as SFAS No. 133 cash flow hedges, and gains and losses on these derivative instruments are first reflected in other comprehensive income, and later reclassified into earnings, partially offset by the effects of gold market price changes on the underlying actual gold purchases. If the Company did not engage in a gold hedging program, any changes in the gold price would have an equal effect on the Company's cost of sales. The Company did not hold any futures contracts in its gold hedge portfolio related to cash flow hedges as of April 30, 2006.

#### Debt and Interest Rate Risk

In addition, the Company has certain debt obligations with variable interest rates, which are based on Swiss LIBOR plus a fixed additional interest rate. The Company does not hedge these interest rate risks. The Company also has certain debt obligations with fixed interest rates. The differences between the market based interest rates at April 30, 2006, and the fixed rates were unfavorable.

#### Item 4. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as such terms are defined in Rule 13a-15(e) under the Securities Exchange Act, as amended. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

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

##### Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended April 30, 2006, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors

As of April 30, 2006, there have been no material changes to any of the risk factors previously reported in its annual report on Form 10-K for the fiscal year ended January 31, 2006.

Item 6. Exhibits

- 10.1 License Agreement entered into effective March 27, 2006 between MGI Luxury Group, S.A. and Lacoste S.A., Sporloisirs S.A. and Lacoste Alligator S.A.\*
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Confidential portions of Exhibit 10.1 have been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

SIGNATURE

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

MOVADO GROUP, INC.  
(Registrant)

Dated: June 9, 2006

By: /s/ Eugene J. Karpovich

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Eugene J. Karpovich  
Senior Vice President and  
Chief Financial Officer  
(Chief Financial Officer)  
(Duly Authorized Officer)

/s/ Ernest R. LaPorte

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Ernest R. LaPorte  
Vice President of Finance  
(Principal Accounting Officer)

LICENSE AGREEMENT

By and between :

LACOSTE S.A., a French corporation organized and existing under the laws of France whose registered office and principal place of business is located at 8, rue de Castiglione, 75001 Paris (France), represented by its President Directeur General, Monsieur Michel LACOSTE.

hereinafter referred to as "LACOSTE",

SPORLOISIRS S.A., a Swiss corporation organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 8, rue Muzy, 1207 Geneva (Switzerland), represented by its Directors, Monsieur Michel LACOSTE and Monsieur Daniel VOLLENWEIDER.

hereinafter referred to as "SPL",

LACOSTE ALLIGATOR S.A., a Swiss corporation organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 8, rue Muzy, 1207 Geneva (Switzerland), represented by its Directors, Monsieur Michel LACOSTE and Monsieur Daniel VOLLENWEIDER.

hereinafter referred to as "LCA",

all three together hereinafter referred to as the "LICENSOR",

and :

MGI LUXURY GROUP, S.A., a company organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 35 rue de Nidau, CH-2501 Bienne (Switzerland), acting on its behalf and on behalf of the entities controlling, controlled by MGI LUXURY GROUP, S.A. or under common control with MGI LUXURY GROUP, S.A., represented by its Directors, Mr. Kurt BURKI and Mr. Richard COTE

hereinafter referred to as the "MASTER LICENSEE".

\* CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED FROM PAGES 8, 37, 38, 41, 42, 45, 49 - 51, 54, 55, 61, 63, 66, SCHEDULE XI (PAGES 7 - 39, 41 - 57, 61), AND SCHEDULES XIV AND XV 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").



WITNESSETH :

WHEREAS, the LICENSOR has created and developed over a period of many years a well known and distinctive line of articles of sports and leisure apparel for men, women and children for sport and leisure (the "LACOSTE APPAREL PRODUCTS", as such term is hereinafter defined); and

WHEREAS, in addition to the LACOSTE APPAREL PRODUCTS, the LICENSOR has created and developed other lines of products such as toiletries, sunglasses and frames for optical glasses, leisure and sports bags, leathergoods products, shoes, terry towels, bath towels, bath robes, household linen, umbrellas, belts (the "OTHER LACOSTE PRODUCTS", as such term is hereinafter defined); and

WHEREAS, the LICENSOR has also contributed to the creation and the development of a line of watches and time-keeping devices (the "LACOSTE WATCHES", as such term is hereinafter defined. And whereas the LICENSOR is actively researching and developing other new products; and

WHEREAS, the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS, as well as the LACOSTE WATCHES, which are characterized by an emblem consisting of the pictorial representation of an alligator or a crocodile (the "CROCODILE", as such term is hereinafter defined), are renowned and sold world-wide under the trade names of "LA CHEMISE LACOSTE", "CHEMISE LACOSTE" or "LACOSTE", the word "LACOSTE" recalling the name of Rene Lacoste the famous tennis champion who invented the original shirt, and the CROCODILE recalling his nickname on the tennis courts; and

WHEREAS, the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS and the LACOSTE WATCHES are manufactured and/or distributed by partners selected by the LICENSOR; and

WHEREAS, the MODELS (as such term is hereinafter defined) making up the lines of the LACOSTE WATCHES together with their specifications shall be the property of the LICENSOR to be used exclusively by the MASTER LICENSEE within the scope of this MASTER AGREEMENT (as such term is hereinafter defined), it being understood however that certain elements of the MODELS may, in certain circumstances, belong either to third parties or, in the case of elements previously used by MASTER LICENSEE, to MASTER LICENSEE; and

WHEREAS, in order to protect its rights, the LICENSOR has registered, directly or indirectly, its trademarks (the "LACOSTE TRADEMARKS", as such term is hereinafter defined) world-wide, the principal representations of which are appended hereto as Schedule I; and

WHEREAS, the ownership of such registrations ensures the LICENSOR a clear exclusive right to use or license the right to use the LACOSTE TRADEMARKS for many different classes of products (including class 14 of the international classification, for watches and watches' accessories) in most countries around the world; and

WHEREAS, despite its ownership of the LACOSTE TRADEMARKS, the LICENSOR is not however in a position to warrant without limitation unimpeded use of all the LACOSTE TRADEMARKS in certain countries, due (a) to the existence of conflicting registrations (in particular in various far-east Asian jurisdictions, amongst which the People's Republic of China), or (b) to the lack of registration of certain of the LACOSTE TRADEMARKS, or (c) to the specificities and uncertainties generally associated with trademark law in certain jurisdictions; and

WHEREAS, the LACOSTE TRADEMARKS in the countries listed in Schedule IV.a are the property of LACOSTE; and

WHEREAS, the LACOSTE TRADEMARKS in the countries listed in Schedule IV.b are the property of SPL; and

WHEREAS, the LACOSTE TRADEMARKS in the countries listed in Schedule IV.c are the property of LCA; and

WHEREAS, through the development of the different lines of the LACOSTE APPAREL PRODUCTS, OTHER LACOSTE PRODUCTS and LACOSTE WATCHES, the LICENSOR has acquired a significant know-how in the fields of their styling, marketing and merchandising, advertising and promotion (the "STYLING KNOW-HOW", the "MARKETING AND MERCHANDISING KNOW-HOW", and the "ADVERTISING AND PROMOTION KNOW-HOW", as such terms are hereinafter defined); and

WHEREAS, the MASTER LICENSEE is a company specialized in the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of watches and time-keeping devices, and has acquired a significant know-how in such fields (the "WATCHES KNOW-HOW", as such term is hereinafter defined); and

WHEREAS, in view of the world-wide development of the sales of the LACOSTE APPAREL PRODUCTS, OTHER LACOSTE PRODUCTS and LACOSTE WATCHES, it is more than ever necessary, in the best interest of all the licensees of the LACOSTE TRADEMARKS, that without interfering in the running of their day-to-day business, the LICENSOR be able to maintain the standards and quality of the LACOSTE TRADEMARKS IMAGE (as such term is hereinafter defined), particularly in coordinating the styling, the marketing and the merchandising, the advertising and the promotion of all LACOSTE APPAREL PRODUCTS, OTHER LACOSTE PRODUCTS and LACOSTE WATCHES; and

WHEREAS, in order to guarantee the authenticity of its creations and to ensure the homogeneity of their distribution at an international level, the LICENSOR has implemented selective distribution systems wherever and whenever practicable, so as to allow all its licensees and distributors to select and approve their retailers on the basis of objective criteria both with respect to quality and sales techniques; and

WHEREAS, the selective distribution systems implemented by the LICENSOR in connection with the LACOSTE APPAREL PRODUCTS consist of the "APPROVED APPAREL RETAILERS" SELECTIVE DISTRIBUTION SYSTEM (as such term is hereinafter defined) and of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM (as such term is hereinafter defined); and

WHEREAS, the selective distribution systems implemented by the LICENSOR in connection with each of the OTHER LACOSTE PRODUCTS incorporate, in addition to approved retailers, and for certain categories of OTHER LACOSTE PRODUCTS, a certain number of shops and special locations in shops dedicated to the sale of such OTHER LACOSTE PRODUCTS; and

WHEREAS, the selective distribution system implemented by the LICENSOR in connection with the LACOSTE WATCHES incorporates APPROVED WATCHES RETAILERS; and

WHEREAS, pursuant to an agreement as amended and presently in force which shall terminate on December 31, 2006, (such agreements being the "PRIOR AGREEMENT", as such term is hereinafter defined), the LICENSOR has granted to VIMONT S.A., a Swiss corporation organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 40, Karlneuhausstrasse, 2502 Bienne (Switzerland) ("VIMONT", as such term is hereinafter defined)

certain rights in connection with the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES; and

WHEREAS, the LICENSOR wishes to develop world-wide the manufacture and the distribution of the LACOSTE WATCHES; and

WHEREAS, the MASTER LICENSEE wishes to obtain from the LICENSOR in the TERRITORY (as such term is hereinafter defined) a license allowing it to create, manufacture, promote, market, sell and distribute the LACOSTE WATCHES through its LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM (as such term is hereinafter defined), and to use also the STYLING KNOW-HOW, the MARKETING AND MERCHANDISING KNOW-HOW and the ADVERTISING AND PROMOTION KNOW-HOW of the LICENSOR; and

WHEREAS, the MASTER LICENSEE is willing to commit the resources and make the necessary investments to create, develop, manufacture, promote, market, sell and distribute the LACOSTE WATCHES; and

WHEREAS, the LICENSOR is willing to grant to the MASTER LICENSEE the necessary rights in connection with the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES under the terms and conditions of this MASTER AGREEMENT (as such term is hereinafter defined).

THE PARTIES HEREBY AGREE AS FOLLOWS :

#### ARTICLE 1 - DEFINITIONS

As used herein, the following terms shall be defined as set forth below :

- 1.1 "LACOSTE" shall mean LACOSTE S.A., a French corporation organized and existing under the laws of France whose registered office and principal place of business is located at 8, rue de Castiglione, 75001 Paris (France), acting on its behalf and on behalf of the companies controlled by LACOSTE S.A. with the exception of SPL and LCA.
- 1.2 "SPL" shall mean SPORLOISIRS S.A., a Swiss corporation organized and existing under the laws of Switzerland whose registered office and principal place of business

is located at 8, rue Muzy, 1207 Geneva (Switzerland), acting on its behalf and on behalf of the companies controlled by SPORLOISIRS S.A. with the exception of LACOSTE and LCA.

- 1.3 "LCA" shall mean LACOSTE ALLIGATOR S.A., a Swiss corporation organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 8, rue Muzy, 1207 Geneva (Switzerland), acting on its behalf and on behalf of the companies controlled by LACOSTE ALLIGATOR S.A. with the exception of LACOSTE and SPL.
- 1.4 "LICENSOR" shall mean LACOSTE, SPL and LCA taken all three together or (as the case may be) any one of them.
- 1.5 "MASTER LICENSEE" shall mean MGI LUXURY GROUP, S.A., a company organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 35 rue de Nidau, CH-2501, Bienne (Switzerland), acting on its behalf and on behalf of the entities controlling, controlled by MGI LUXURY GROUP, S.A. or under common control with MGI LUXURY GROUP, S.A.
- 1.6 "VIMONT" shall mean VIMONT S.A., a Swiss corporation organized and existing under the laws of Switzerland whose registered office and principal place of business is located at 40, Karlneuhausstrasse, 2502 Bienne (Switzerland), acting on its behalf and on behalf of the companies controlled by VIMONT S.A. or under common control with VIMONT S.A.
- 1.7 "MASTER AGREEMENT" shall mean the present LICENSE AGREEMENT.
- 1.8 "PRIOR AGREEMENT" shall mean the agreement as amended and presently in force and which will terminate on December 31, 2006, as applicable, pursuant to which the LICENSOR has granted to VIMONT certain rights in connection with the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES.
- 1.9 "DEVANLAY" shall mean the worldwide exclusive licensee of the LICENSOR for LACOSTE APPAREL PRODUCTS.

- 1.10 "LACOSTE APPAREL PRODUCTS DISTRIBUTOR" shall mean those parties in certain countries to which the distribution of the LACOSTE APPAREL PRODUCTS in such countries has been granted by DEVANLAY.
- 1.11 "CROCODILE" shall mean the pictorial representation of an alligator or a crocodile as depicted Schedule II.
- 1.12 "LACOSTE TRADEMARKS" shall mean any or all trademarks relating to the name "Lacoste" and/or the CROCODILE owned by the LICENSOR depicted in Schedule I, as listed in Schedule III.
- 1.13 "LACOSTE TRADEMARKS IMAGE" shall mean the presently existing identification in the principal markets where the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS and the LACOSTE WATCHES are distributed, between the LACOSTE TRADEMARKS and good taste, authenticity, quality, functionality, modernity, elegance, high-end sports and leisure, however at competitive quality/price ratios. The LACOSTE TRADEMARKS IMAGE shall be judged in relation to all the elements making up the perception by the consumer of the LACOSTE WATCHES as to their style, quality, price, marketing and merchandising, advertising and promotion.
- 1.14 "LICENSED TRADEMARKS" shall mean the trademark Lacoste, the Crocodile and such of the other LACOSTE TRADEMARKS, if any, which are to be used by the MASTER LICENSEE in the TERRITORY as will be specified by the LICENSOR on a country by country basis according to the provision of Article 12.1 hereinafter in connection with the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES.
- 1.15 "LACOSTE WATCHES" shall mean the watches and time-keeping devices belonging to class 14 of the Classification Internationale des Produits et des Services (as listed in Schedule V) as well as any accessory thereto (straps, cases, etc.), packaging and wrapping bearing the LICENSED TRADEMARK manufactured and marketed by the MASTER LICENSEE itself and/or under its control and responsibility under the terms of this MASTER AGREEMENT, or marketed prior to this MASTER AGREEMENT under the terms of the PRIOR AGREEMENT.

- 1.16 "SECONDS" shall consist of LACOSTE WATCHES containing only minor defects that do not affect the appearance or operation of the watches.
- 1.17 "LACOSTE APPAREL PRODUCTS" shall mean those articles of clothing (the categories of which are listed in Schedule VI) bearing the LACOSTE TRADEMARKS.
- 1.18 "OTHER LACOSTE PRODUCTS" shall mean the products listed in Schedule VII bearing the LACOSTE TRADEMARKS. For the avoidance of doubt, the OTHER LACOSTE PRODUCTS shall include neither the LACOSTE APPAREL PRODUCTS nor the LACOSTE WATCHES.
- 1.19 "MODELS" shall mean any and all creations specific to the LACOSTE WATCHES, or part thereof, already in existence at the time of execution of this MASTER AGREEMENT or which shall be developed during its life by the LICENSOR and/or the MASTER LICENSEE and/or any SUB-LICENSEE alone or in co-operation with one another, it being understood however that certain elements of the MODELS may, in certain circumstances, belong either to third parties, or, in the case of elements previously used by MASTER LICENSEE, to MASTER LICENSEE.
- 1.20 The countries listed in Schedule VIII.a constituting Europe, Africa and Middle-East shall together form "SUB-TERRITORY A".
- 1.21 The countries listed in Schedule VIII.b constituting the Far-East shall together form "SUB-TERRITORY B".
- 1.22 The countries listed in Schedule VIII.c constituting North-America shall together form "SUB-TERRITORY C".
- 1.23 The countries listed in Schedule VIII.d constituting Central America and South-America shall together form "SUB-TERRITORY D".
- 1.24 The "TERRITORY" shall mean the whole world, i.e. the reunion of SUB-TERRITORY A, SUB-TERRITORY B, SUB-TERRITORY C.
- 1.25 "MAIN COUNTRIES" shall mean the \* NET SALES in the Territory.
- \* CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC PURSUANT TO RULE 24b-2 OF THE 1934 ACT.

- 1.26 "SUB-LICENSEE" shall mean any entity selected by the MASTER LICENSEE and approved by the LICENSOR for the manufacture and distribution of certain LACOSTE WATCHES in certain countries.
- 1.27 "SUB-LICENSE AGREEMENT" shall mean an agreement entered into by and between the MASTER LICENSEE and a SUB-LICENSEE in execution of the undertakings of the MASTER LICENSEE under the terms of Article 2.2.3 hereinafter.
- 1.28 "DISTRIBUTOR" shall mean any entity (not including any entity controlling, controlled by or under common control with the MASTER LICENSEE) selected by the MASTER LICENSEE and approved by the LICENSOR for the wholesale distribution of LACOSTE WATCHES in one or more countries.
- 1.29 "DISTRIBUTION AGREEMENT" shall mean an agreement entered into by and between the MASTER LICENSEE and a DISTRIBUTOR in execution of the undertakings of the MASTER LICENSEE under the terms of Article 2.3.3 hereinafter.
- 1.30 "SUPPLEMENTAL AGREEMENT" shall mean an agreement entered into by and between the LICENSOR, the MASTER LICENSEE and a SUB-LICENSEE or a DISTRIBUTOR in execution of the undertakings of the MASTER LICENSEE under the terms of Articles 2.2.4 and 2.3.4 hereinafter.
- 1.31 "SUB-CONTRACTOR" shall mean any entity selected by the MASTER LICENSEE for the manufacture (but not the distribution) of certain LACOSTE WATCHES.
- 1.32 "SUB-CONTRACTING AGREEMENT" shall mean an agreement entered into by and between the MASTER LICENSEE and a SUB-CONTRACTOR in execution of the undertakings of the MASTER LICENSEE under the terms of Article 5.2.1 hereinafter.
- 1.33 "SUPPLIER" shall mean any entity selected by the MASTER LICENSEE or a SUB-LICENSEE or a SUB-CONTRACTOR for the manufacture of components, packaging, merchandising, advertising or promotional items, furniture and/or any element of any kind bearing or representing the LICENSED TRADEMARKS to be used for or in connection with the LACOSTE WATCHES.
- 1.34 "SUPPLY AGREEMENT" shall mean an agreement entered into by and between the MASTER LICENSEE or a SUB-LICENSEE or a



SUB-CONTRACTOR and a SUPPLIER in execution of the undertakings of the MASTER LICENSEE under the terms of Article 5.3.1 hereinafter.

1.35 "STYLING KNOW-HOW" shall mean all accumulated elements of product research implemented by the LICENSOR for the LACOSTE APPAREL PRODUCTS, the LACOSTE OTHER PRODUCTS and the LACOSTE WATCHES, according to the LACOSTE TRADEMARKS IMAGE and more precisely materials, colors, designs and specifications, all of which know-how is regularly updated and improved as a result of the LICENSOR's research, and which know-how is owned by or originated from the LICENSOR and is made available to the MASTER LICENSEE and to other LICENSOR's licensees through the LICENSOR and which the LICENSOR is not otherwise obliged to hold in confidence.

1.36 "MARKETING AND MERCHANDISING KNOW-HOW" shall mean all accumulated expertise, which is implemented world-wide by the LICENSOR, concerning the distribution of the LACOSTE APPAREL PRODUCTS, the LACOSTE OTHER PRODUCTS and the LACOSTE WATCHES according to the LACOSTE TRADEMARKS IMAGE including the level of quality and the techniques of such distribution (i.e., the selection, training, supervision, etc. of the retailers), all of which know-how is regularly updated and improved as a result of the LICENSOR's research, and which know-how is owned by or originated from the LICENSOR and is made available to the MASTER LICENSEE and to other LICENSOR's licensees through the LICENSOR and which the LICENSOR is not otherwise obliged to hold in confidence.

1.37 "PROMOTION AND ADVERTISING KNOW-HOW" shall mean all accumulated expertise which is implemented world-wide by the LICENSOR in maintaining a high quality promotion and advertising policy for the LACOSTE TRADEMARKS IMAGE, the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS and the LACOSTE WATCHES through selected and controlled channels, all of which know-how is regularly updated and improved as a result of the LICENSOR's research, and which know-how is owned by or originated from the LICENSOR and is made available to the MASTER LICENSEE and to other LICENSOR's licensees through the LICENSOR and which the LICENSOR is not otherwise obliged to hold in confidence.

1.38 "WATCHES KNOW-HOW" shall mean all accumulated world-wide expertise of the MASTER LICENSEE concerning the creation,

development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of watches and time-keeping devices at a high quality level and according to selected and controlled techniques and fixtures designed to facilitate the distribution of watches (including, but not limited to, the design of display materials and showcases), which know-how is regularly updated and improved by the MASTER LICENSEE and is owned by or originated from the MASTER LICENSEE and is made available to the LICENSOR and to other LICENSOR's licensees through the LICENSOR and which the MASTER LICENSEE is not otherwise obliged to hold in confidence.

- 1.39 "APPROVED WATCHES RETAILERS" shall mean the selected retailers (the categories of which are listed in Schedule IX.a) which have entered with the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS, whenever possible, into specific agreements defining the conditions which need to be fulfilled and applied for the sale of the LACOSTE WATCHES through the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM.
- 1.40 "LACOSTE CORNERS" shall mean the locations in certain shops of high standing which are devoted exclusively to the sale of the LACOSTE APPAREL PRODUCTS and, subject to the provisions of Article 7.2 hereinafter, of certain LACOSTE WATCHES and/or OTHER LACOSTE PRODUCTS, using various fittings, displays, appliances, original furniture and equipment specially designed or approved by the LICENSOR and are authorized to use the name "Lacoste" and the CROCODILE as signboards and as service marks for retail services.
- 1.41 "LACOSTE BOUTIQUES" shall mean the stand alone shops belonging to independent retailers or to DEVANLAY or to LACOSTE APPAREL PRODUCTS DISTRIBUTORS and devoted exclusively to the sale of the LACOSTE APPAREL PRODUCTS and, subject to the provisions of Article 7.2 hereinafter, of certain LACOSTE WATCHES and/or OTHER LACOSTE PRODUCTS, using various fittings, displays, appliances, original furniture and equipment specially designed or approved by the LICENSOR and are authorized to use the name "Lacoste" and the CROCODILE as signboards and as service marks for retail services. Among the LACOSTE BOUTIQUES shall be included, if the economic conditions of the markets in question so permit, certain LACOSTE BOUTIQUES known as "global stores", of a sufficient size to be organized for the sale on a large

scale not only of the LACOSTE APPAREL PRODUCTS but also of certain OTHER LACOSTE PRODUCTS and/or LACOSTE WATCHES.

- 1.42 "COMMERCIAL SURFACE" shall mean the total surface of a LACOSTE BOUTIQUE or a LACOSTE CORNER, excluding the stock premises.
- 1.43 "SALES SURFACE" shall mean, within the COMMERCIAL SURFACE of each LACOSTE BOUTIQUE or LACOSTE CORNER, that surface of the floor used for the presentation and the sale of products on the furniture (fixed to the walls or free-standing) or displays, excluding any area used for customers traffic in the point of sale and excluding the shop-windows.
- 1.44 "PRESENTATION SURFACE" shall mean, within the SALES SURFACE of each LACOSTE BOUTIQUE or LACOSTE CORNER, the total surface actually dedicated to the presentation and the sale of products on the furniture (fixed to the walls or free-standing) or displays, determined according to the rules specified in Schedule XVI.
- 1.45 "LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM" shall mean the group of APPROVED WATCHES RETAILERS organized by the MASTER LICENSEE in the TERRITORY in accordance with the specific guidelines of the LICENSOR to sell the LACOSTE WATCHES while respecting the specific criteria in the area of client service, merchandising, presentation, advertising, promotion and respect of the LACOSTE TRADEMARKS IMAGE.
- 1.46 ""LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM" shall mean the group of LACOSTE BOUTIQUES and LACOSTE CORNERS organized by DEVANLAY in accordance with the specific guidelines of the LICENSOR and which comply with specific criteria with respect to client service, merchandising, presentation, advertising, promotion and respect of the LACOSTE TRADEMARKS IMAGE. The "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM is distinct from the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM and from the ""APPROVED APPAREL RETAILERS" SELECTIVE DISTRIBUTION SYSTEM" (as such term is hereinafter defined), as well as from each of the selective distribution systems existing for each of the OTHER LACOSTE PRODUCTS.
- 1.47 ""APPROVED APPAREL RETAILERS" SELECTIVE DISTRIBUTION SYSTEM" shall mean the group of approved retailers which

has been organized by DEVANLAY in accordance with the specific guidelines of the LICENSOR with the purpose of selling the LACOSTE APPAREL PRODUCTS and which comply with specific criteria with respect to client service, merchandising, presentation, advertising, promotion and respect of the LACOSTE TRADEMARKS IMAGE.

- 1.48 "NET SALES" shall mean the actual invoiced price for sales in the TERRITORY of all LACOSTE WATCHES (whether sold at regular prices or at reduced prices, such as end-of-season prices) by the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS to APPROVED WATCHES RETAILERS and members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM, less returns, rebates, bad debts, trade discounts, shipping charges, insurance, and such sales taxes as are imposed on the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS by any governmental authority.

Whenever NET SALES cannot be determined by the MASTER LICENSEE for any reason, or if the MASTER LICENSEE at its sole discretion decides that it prefers to refer to SALES TO DISTRIBUTORS (as such term is hereinafter defined), and whenever the determination of NET SALES is necessary for the application of any of the terms of this MASTER AGREEMENT, NET SALES shall then be calculated on the basis of the corresponding SALES TO DISTRIBUTORS multiplied by one point five (1.5).

With regard to direct sales by the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS to consumers through their own retail outlets, NET SALES, for each reference of the LACOSTE WATCHES shall be calculated on the basis of the unit volume of such reference of the LACOSTE WATCHES sold through such outlets multiplied by the appropriate arms length, average wholesale prices of such products charged in such country by the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS to their APPROVED WATCHES RETAILERS, less returns, rebates, bad debts, trade discounts, shipping charges, shipping insurance and such sales taxes as are imposed on the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS by any governmental authority.

- 1.49 "SALES TO DISTRIBUTORS" shall mean the actual invoiced price in the TERRITORY of all LACOSTE WATCHES (whether made at regular prices or at reduced prices, such as end-of-season prices) sold by the MASTER LICENSEE, its SUB-

LICENSEES or its SUB-CONTRACTORS to DISTRIBUTORS to be resold to APPROVED WATCHES RETAILERS and members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM, less returns, rebates, bad debts, trade discounts, shipping charges, shipping insurance and such sales taxes as are imposed on the MASTER LICENSEE, its SUB-LICENSEES or its SUB-CONTRACTORS by any governmental authority.

1.50 "QUARTER" shall mean any three-month period ending on March 31, June 30, September 30 or December 31 of each year.

1.51 "DATE OF TERMINATION" shall mean the date on which the MASTER AGREEMENT terminates or is not renewed for any reason after the required notice period(s) if any.

## ARTICLE 2 - RIGHTS GRANTED

2.1 The LICENSOR hereby grants to the MASTER LICENSEE, and the MASTER LICENSEE hereby accepts such grant, the exclusive right and license to use the LICENSED TRADEMARKS, including in particular the name "Lacoste" and the CROCODILE, the MODELS, the STYLING KNOW-HOW, the MARKETING AND MERCHANDISING KNOW-HOW and the PROMOTION AND ADVERTISING KNOW-HOW in connection with the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES in the TERRITORY.

2.2 The MASTER LICENSEE may sub-license the rights granted to it pursuant to Article 2.1 hereinabove to SUB-LICENSEES designated by it under the following conditions :

2.2.1 The SUB-LICENSEES selected by the MASTER LICENSEE shall have to comply with the following criteria :

- a) a proposed SUB-LICENSEE shall have to prove to MASTER LICENSEE and, if requested, LICENSOR, an adequate and appropriate technical, commercial ability; and
- b) a proposed SUB-LICENSEE shall have to demonstrate to MASTER LICENSEE and, if requested, LICENSOR a healthy financial situation in proportion with its forecasted

activities with respect to the LACOSTE WATCHES; and

- c) a proposed SUB-LICENSEE shall have to clearly establish the identity of its financing sources, which must be in line with the LACOSTE TRADEMARKS IMAGE; and
- d) a proposed SUB-LICENSEE or any of its shareholders holding in excess of ten percent of the voting power in such proposed SUB-LICENSEE, senior managers or executives shall not be in any way involved in the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of products in competition with the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS or the LACOSTE WATCHES except if the SUB-LICENSEE can justify an independent structure exclusively dedicated to the LACOSTE WATCHES; and
- e) a proposed SUB-LICENSEE, any of its shareholders holding in excess of ten percent of the voting power in such proposed SUB-LICENSEE or senior managers or executives are not or never have been involved in any way in acts of counterfeiting, imitation or unfair competition nor convicted of any other type of criminal activity (excluding misdemeanors).

2.2.2 The MASTER LICENSEE shall submit to the LICENSOR a detailed file concerning each of the proposed SUB-LICENSEES including inter alia the necessary information allowing the LICENSOR to check the SUB-LICENSEE's conformity with the criteria defined in Article 2.2.1 hereinabove. The LICENSOR shall have a thirty day (30) period to agree to or refuse in writing the proposed SUB-LICENSEE on the grounds of the criteria defined in Article 2.2.1 hereinabove. The LICENSOR shall not unreasonably withhold its approval, and shall be deemed to have given its approval if it has not notified MASTER LICENSEE of any objection within thirty (30) days of receipt of the MASTER LICENSEE's proposals.

2.2.3 The MASTER LICENSEE shall enter with its SUB-LICENSEES into written SUB-LICENSE AGREEMENTS which shall conform to a general model previously approved in writing by the LICENSOR, and shall include the main provisions relating to the LICENSOR's intellectual property rights and to the LACOSTE TRADEMARKS IMAGE and, in addition to the rights and obligations which the MASTER LICENSEE wishes to sub-license, all obligations that the MASTER LICENSEE would otherwise have had to fulfill with respect to the rights sub-licensed to the SUB-LICENSEE and that the SUB-LICENSEE shall have to undertake to carry out (inter alia the obligation imposed on under Articles 3 to 8, 12 and 14 hereinafter). The MASTER LICENSEE shall deliver to the LICENSOR a copy of each SUB-LICENSE AGREEMENT as soon as practicable after it has been signed. The MASTER LICENSEE agrees that LICENSOR may request from MASTER LICENSEE that it takes action against a SUB-LICENSEE (including claims for damages in favour of LICENSOR, injunctions and any other appropriate remedies) and/or terminates forthwith a SUB-LICENSE AGREEMENT in case of breach by such SUB-LICENSEE of any of its essential obligations under such SUB-LICENSE AGREEMENT which also constitutes a breach of the MASTER LICENSEE's obligations hereunder that is not cured by such SUB-LICENSEE within thirty (30) days after receiving notice of such breach; and

2.2.4 In each case where the MASTER LICENSEE desires to enter into a SUB-LICENSE AGREEMENT with any SUB-LICENSEE, the MASTER LICENSEE shall enter with the LICENSOR, owner of the LICENSED TRADEMARKS, and with such SUB-LICENSEE into a written SUPPLEMENTAL AGREEMENT which shall define, for each country covered by such sub-license, those LICENSED TRADEMARKS licensed to SUB-LICENSEES, and include all appropriate terms and conditions concerning the protection of the LICENSED TRADEMARKS, and, if agreed upon by and between the LICENSOR and the MASTER LICENSEE, the sales minima as well as all appropriate terms and conditions concerning the payment of the royalties due by the MASTER LICENSEE to the LICENSOR. Subject to the provisions of Article 2.2.3 hereinabove, the MASTER LICENSEE

agrees that any breach by a SUB-LICENSEE of any of its essential obligations under a SUPPLEMENTAL AGREEMENT shall not be the responsibility of or considered as a breach by the MASTER LICENSEE of any of its essential obligations under this MASTER AGREEMENT, except that the MASTER LICENSEE hereby undertakes to remain responsible to the LICENSOR for the payment in full and without delay of all amounts due to the LICENSOR by the MASTER LICENSEE's SUB-LICENSEES under the terms of Articles 16 and 17 hereinafter.

2.3 The MASTER LICENSEE may sub-license the right to distribute the LACOSTE WATCHES granted to it pursuant to Article 2.1 hereinabove to DISTRIBUTORS designated by it under the following conditions :

2.3.1 The DISTRIBUTORS selected by the MASTER LICENSEE shall have to comply with the following criteria :

- a) a proposed DISTRIBUTOR shall have to prove to MASTER LICENSEE and, if requested by LICENSOR, to LICENSOR an adequate and appropriate technical, commercial ability; and
- b) a proposed DISTRIBUTOR shall have to demonstrate to MASTER LICENSEE and, if requested by LICENSOR, to LICENSOR, a healthy financial situation in proportion with its forecasted activities with respect to the LACOSTE WATCHES; and
- c) a proposed DISTRIBUTOR shall have to clearly establish the identity of its financing sources, which must be in line with the LACOSTE TRADEMARKS IMAGE; and
- d) a proposed DISTRIBUTOR or any of its shareholders holding in excess of ten percent of the voting power in such proposed DISTRIBUTOR, senior managers or executives shall not be in any way involved in the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of products in competition with the LACOSTE APPAREL PRODUCTS or the OTHER LACOSTE PRODUCTS. Whenever



possible, the DISTRIBUTOR shall put in place an independent structure exclusively dedicated to the LACOSTE WATCHES; and

- e) a proposed DISTRIBUTOR, any of its shareholders holding in excess of ten percent of the voting power in such proposed DISTRIBUTOR or senior managers or executives are not or never have been involved in any way in acts of counterfeiting, imitation or unfair competition nor convicted of any other type of criminal activity (excluding misdemeanors).

2.3.2 The MASTER LICENSEE shall submit to the LICENSOR a detailed file concerning each of the proposed DISTRIBUTORS including inter alia the necessary information allowing the LICENSOR to check the DISTRIBUTOR's conformity with the criteria defined in Article 2.3.1 hereinabove. The LICENSOR shall have a thirty day (30) period to agree to or refuse in writing the proposed DISTRIBUTOR on the grounds of the criteria defined in Article 2.3.1 hereinabove. The LICENSOR shall not unreasonably withhold its approval, and shall be deemed to have given its approval if it has not notified MASTER LICENSEE of any objection within thirty (30) days of receipt of the MASTER LICENSEE's proposals.

2.3.3 The MASTER LICENSEE shall enter with its DISTRIBUTORS into written DISTRIBUTION AGREEMENTS which shall conform in all material respects to a general model previously approved in writing by the LICENSOR, and shall include the main provisions relating to the LICENSOR's intellectual property rights and to the LACOSTE TRADEMARKS IMAGE and, in addition to the rights and obligations which the MASTER LICENSEE wishes to sub-license, all obligations that the MASTER LICENSEE would otherwise have had to fulfill with respect to the rights sub-licensed to the DISTRIBUTOR and that the DISTRIBUTOR shall have to undertake to carry out (inter alia the obligation imposed on under Articles 3, 6 to 8, 12 and 14 hereinafter). The MASTER LICENSEE shall deliver to the LICENSOR a copy of each DISTRIBUTION AGREEMENT as soon as practicable after it has been signed. The MASTER LICENSEE

agrees that LICENSOR may request from MASTER LICENSEE that it takes action against a DISTRIBUTOR (including claims for damages in favour of LICENSOR, injunctions and any other appropriate remedies) and/or terminates forthwith a DISTRIBUTION AGREEMENT in case of breach by such DISTRIBUTOR of any of its essential obligations under such DISTRIBUTION AGREEMENT which also constitutes a breach of the MASTER LICENSEE's obligations hereunder that is not cured by such DISTRIBUTOR within thirty (30) days after receiving notice of such breach. In all circumstances, the MASTER LICENSEE hereby undertakes to remain responsible to the LICENSOR for the payment in full and without delay of all amounts due to the LICENSOR by the MASTER LICENSEE's DISTRIBUTORS under the terms of Articles 16 and 17 hereinafter.

2.3.4 In each case where the MASTER LICENSEE desires to enter into a DISTRIBUTION AGREEMENT with a DISTRIBUTOR, the MASTER LICENSEE shall enter with the LICENSOR, owner of the LICENSED TRADEMARKS, and with such DISTRIBUTOR into a written SUPPLEMENTAL AGREEMENT which shall define, for each country covered by such DISTRIBUTION AGREEMENT, those LICENSED TRADEMARKS licensed to DISTRIBUTORS, and include all appropriate terms and conditions concerning the protection of the LICENSED TRADEMARKS, which SUPPLEMENTAL AGREEMENT shall be in the form attached hereto as Schedule X. Subject to the provisions of Article 2.3.3 hereinabove, the LICENSOR agrees that any breach by a DISTRIBUTOR of any of its essential obligations under a SUPPLEMENTAL AGREEMENT shall not be the responsibility of or considered as a breach by the MASTER LICENSEE of its essential obligations under this MASTER AGREEMENT.

2.4 No rights or licenses are granted by the LICENSOR to the MASTER LICENSEE, expressly or by implication, except as herein provided.

2.4.1 The LICENSOR does not give the MASTER LICENSEE any guarantee whatsoever with respect to the extent of the rights it holds or will acquire or lose during the entire term of this MASTER

AGREEMENT concerning the LICENSED TRADEMARKS, the MODELS, the STYLING KNOW-HOW, the MARKETING AND MERCHANDISING KNOW-HOW and the PROMOTION AND ADVERTISING KNOW-HOW.

2.4.2 Notwithstanding the above, the LICENSOR undertakes to, at its exclusive expense, (i) take all necessary steps during the entire term of this MASTER AGREEMENT for the registration and renewal of the LICENSED TRADEMARKS, (ii) set up and/or maintain the adequate structures for the watch and defense of the LICENSED TRADEMARKS.

2.4.3 The LICENSOR undertakes to vigorously defend the LICENSED TRADEMARKS and to take all appropriate and necessary anti-counterfeiting actions, subject to the provisions of Article 14.3.5 hereinafter. The LICENSOR shall in this regard only be held to an obligation of means, and not to an obligation of results.

### ARTICLE 3 - GENERAL BUSINESS POLICIES

3.1 The MASTER LICENSEE shall use its best efforts to develop its activities as manufacturer and distributor of the LACOSTE WATCHES and shall use the MODELS, the STYLING KNOW-HOW, the MARKETING AND MERCHANDISING KNOW-HOW and the PROMOTION AND ADVERTISING KNOW-HOW in conjunction with its WATCHES KNOW-HOW in order to promote the image, sales and distribution of the LACOSTE WATCHES in the TERRITORY, in conformity with such policies as are prescribed and coordinated world-wide by the LICENSOR for the LACOSTE TRADEMARKS IMAGE.

3.2 The MASTER LICENSEE shall cooperate closely in each market with the LICENSOR and with LICENSOR's other licensees and/or distributors for LACOSTE APPAREL PRODUCTS and OTHER LACOSTE PRODUCTS so as to give world-wide and in each market an identical and homogeneous image of the LACOSTE TRADEMARKS and of all the families of products bearing the LACOSTE TRADEMARKS and shall see to it to keep the LICENSOR informed of its direct contacts with said LICENSOR's other licensees and/or distributors.

3.3 The MASTER LICENSEE shall take all necessary steps to ensure that the LACOSTE WATCHES manufactured and

distributed by it or by its SUB-LICENSEES or DISTRIBUTORS pursuant to this MASTER AGREEMENT are of high quality, and suitable for a clientele that demands the highest standard of merchandise.

3.4 The MASTER LICENSEE shall take all measures necessary so that the LACOSTE WATCHES are sold exclusively through the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM and through the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM.

3.5 The LICENSOR undertakes to obtain from and to have respected by its licensees for the LACOSTE APPAREL PRODUCTS and the OTHER LACOSTE PRODUCTS the same commitments.

#### ARTICLE 4 - CREATION, STYLING AND TECHNICAL CO-OPERATION

The MASTER LICENSEE shall bear the sole responsibility for the creation and the development of the LACOSTE WATCHES and shall assume all the corresponding costs and expenses. However, in the scope of the contribution by the LICENSOR of its STYLING KNOW-HOW and by the MASTER LICENSEE of its WATCHES KNOW-HOW, the MASTER LICENSEE and the LICENSOR shall co-operate closely in the creation and the development of the LACOSTE WATCHES in order, more particularly, to strengthen the LACOSTE TRADEMARKS IMAGE.

The MASTER LICENSEE undertakes to study and implement with diligence any evolution of the collections proposed by the LICENSOR and intended to better adapt the LACOSTE WATCHES to the evolution of the markets and to consumers' expectations; provided that similar evolutions, to the extent applicable, are required of LICENSOR's other licensees.

##### 4.1 Obligations of the LICENSOR

The LICENSOR shall provide the MASTER LICENSEE with those components of the STYLING KNOW-HOW that the LICENSOR, in its best opinion, shall consider to be beneficial to the MASTER LICENSEE in the fulfillment of the purpose of this MASTER AGREEMENT, and shall assist the MASTER LICENSEE in the use thereof.

#### 4.2 Approval of product designs

4.2.1 The MASTER LICENSEE shall submit design proposals for LACOSTE WATCHES to the LICENSOR in the following manner:

MASTER LICENSEE shall submit to the LICENSOR design drawings for approval. After approval according to this Article 4.2, MASTER LICENSEE shall submit to the LICENSOR a pre-production prototype for approval together with the suggested retail price of the MODEL. The MASTER LICENSEE warrants that final production will conform to approved pre-production prototypes.

Each collection of LACOSTE WATCHES shall consist of a sufficient selection of MODELS so as to constitute a well balanced line of watches. The LICENSOR shall, with respect to each submission made by the MASTER LICENSEE for approval, notify the MASTER LICENSEE in writing without undue delay, and in any event within ten (10) business days, as to whether the LICENSOR approves the submission. Unless the LICENSOR notifies Master Licensee within the specified time period that it disapproves any submission, such submission shall be deemed approved.

4.2.2 In the event the LICENSOR disapproves any submission, the LICENSOR shall furnish the MASTER LICENSEE with the reasons for rejection and provide the MASTER LICENSEE with suggestions for modifying the rejected submission. MASTER LICENSEE shall, as promptly as practicable, correct the rejected submission, resubmit the relevant material to LICENSOR and seek LICENSOR's approval under the same terms and conditions as set forth above.

#### 4.3 Obligations of the MASTER LICENSEE

4.3.1 The MASTER LICENSEE shall inform the LICENSOR of the head of product development who shall have primary responsibility for the creation of the LACOSTE WATCHES whom the MASTER LICENSEE plans to use. The LICENSOR shall have thirty (30) days to notify MASTER LICENSEE that it objects to such individual, but may only do so for serious

reasons necessary for the protection of the LACOSTE TRADEMARKS IMAGE.

4.3.2 In order to enforce the cooperation between the LICENSOR and the MASTER LICENSEE and/or its SUB-LICENSEES for the creation, the development and the manufacture of the LACOSTE WATCHES and to allow the LICENSOR to give the approval provided for in Article 4.2 hereinabove as quickly as possible, coordination meetings shall be organized between the LICENSOR, the MASTER LICENSEE and/or its SUB-LICENSEES for each collection at the following stages :

- a) definition of the product range after analysis of the sales results and of the needs of the different markets; and
- b) definition of the models contemplated for the different lines of the LACOSTE WATCHES; and
- c) study of the prototypes of the models for the different lines of the LACOSTE WATCHES as well as of their packaging, displays and point-of-sale equipment, the development and manufacture of which shall be at MASTER LICENSEE's exclusive expense.

4.3.3 The MASTER LICENSEE shall not manufacture, distribute, advertise, promote or offer for sale any model of the LACOSTE WATCHES, nor any display or point-of-sale equipment which has not been presented to the LICENSOR and approved in writing by the LICENSOR under the same conditions as those provided in Article 4.2 hereinabove.

#### 4.4 Ownership of the MODELS

4.4.1 The MODELS shall be and remain in all circumstances during the entire term of this MASTER AGREEMENT the sole property of the LICENSOR.

4.4.2 The MASTER LICENSEE undertakes to use the MODELS exclusively within the scope of this MASTER AGREEMENT.

- 4.4.3 The MASTER LICENSEE undertakes to use its best efforts to ensure that the MODELS do not infringe any intellectual property rights of any third party in the fields of authors' rights, copyrights, models, designs and/or patents.
- 4.4.4 The LICENSOR undertakes to take all necessary steps during the entire term of this MASTER AGREEMENT to register in the sole name of the LICENSOR any MODELS which shall be reasonably necessary, as may be determined solely by the LICENSOR, taking into account the commercial potential of such MODELS, to protect such MODELS, as well as to all renewals of such MODELS at their due dates.
- 4.4.5 The LICENSOR shall pay all expenses incurred in connection with the registration and/or the renewal of the MODELS.

#### ARTICLE 5 - MANUFACTURE, QUALITY

##### 5.1 Obligations of MASTER LICENSEE

- 5.1.1 The MASTER LICENSEE undertakes to use its WATCHES KNOW-HOW and to make all reasonable investments necessary in order to organize an international manufacture and supply network with the capacity of meeting the needs for the LACOSTE WATCHES in the TERRITORY, and to develop the sales of such in a timely fashion.
- 5.1.2 The MASTER LICENSEE undertakes that the LACOSTE WATCHES as well as their packaging shall always be manufactured with reliable materials, carefully constructed, and clean in detail, and undertakes to take all necessary dispositions to that effect.
- 5.1.3 The MASTER LICENSEE shall adhere to the highest standards of quality and design, (including, without limitation, materials, design and workmanship) which standards shall be at least equal to the General acceptance requirements attached hereto as Schedule XI and including quality-control measures designed to prevent the production of defective goods.

In all cases, the MASTER LICENSEE shall be solely responsible toward the LICENSOR for the quality of the LACOSTE WATCHES produced by the MASTER LICENSEE (or under the control of the MASTER LICENSEE) by the SUB-LICENSEES or by the SUB-CONTRACTORS of the MASTER LICENSEE.

On the other hand, the MASTER LICENSEE shall bear no responsibility whatsoever for the quality of the LACOSTE WATCHES produced by VIMONT under the terms of the PRIOR AGREEMENT.

5.1.4 Whenever practicable, the MASTER LICENSEE shall cause either (a) each LACOSTE WATCH manufactured under this MASTER AGREEMENT or (b) each package unit of LACOSTE WATCHES distributed under this MASTER AGREEMENT, as determined by MASTER LICENSEE in its sole discretion, to be serialized thereby allowing tracking by MASTER LICENSEE if necessary, as such necessity is mutually agreed upon by LICENSOR and MASTER LICENSEE.

5.1.5 The MASTER LICENSEE undertakes to cause its SUB-LICENSEES to make such investments as are required to create and/or maintain the organization for the manufacture of the LACOSTE WATCHES in a manner that allows such SUB-LICENSEES to fulfill the undertakings of Articles 5.1.1 to 5.1.4 hereinabove.

## 5.2 SUB-CONTRACTORS

5.2.1 The MASTER LICENSEE (and its SUB-LICENSEES) shall have the right to have LACOSTE WATCHES entirely manufactured by SUB-CONTRACTORS designated by it, provided however the MASTER LICENSEE i) has previously informed the LICENSOR of their name and precise location ii) has entered with its SUB-CONTRACTORS into written SUB-CONTRACTING AGREEMENTS which shall conform in all material respects to a general model previously approved in writing by the LICENSOR, and shall include, in addition to the rights and obligations which the MASTER LICENSEE wishes to grant, all obligations the MASTER LICENSEE would otherwise have had to fulfill with respect to the rights granted to the SUB-CONTRACTOR as well as the undertaking by the



SUB-CONTRACTORS not to manufacture for third parties any watches substantially identical to the LACOSTE WATCHES manufactured by the SUB-CONTRACTOR.

The SUB-CONTRACTORS shall have to undertake to sell the LACOSTE WATCHES they have manufactured exclusively to the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS, and the MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS undertake irrevocably before the LICENSOR to buy from the SUB-CONTRACTORS all the LACOSTE WATCHES manufactured by the SUB-CONTRACTORS, and to have destroyed at their expense any and all defective LACOSTE WATCHES manufactured by the SUB-CONTRACTORS.

5.2.2 The MASTER LICENSEE shall deliver to the LICENSOR a copy of each SUB-CONTRACTING AGREEMENT as soon as practicable after it has been signed. The MASTER LICENSEE agrees that LICENSOR may request from MASTER LICENSEE that it takes action against a SUB-CONTRACTOR (including claims for damages in favour of LICENSOR, injunctions and any other appropriate remedies) and/or terminates forthwith a SUB-CONTRACTING AGREEMENT in case of breach by such SUB-CONTRACTOR of any of its essential obligations under such SUB-CONTRACTING AGREEMENT which also constitutes a breach of the MASTER LICENSEE's obligations hereunder that is not cured by such SUB-CONTRACTOR within thirty (30) days after receiving notice of such breach.

### 5.3 SUPPLIERS

5.3.1 The MASTER LICENSEE, its SUB-LICENSEES and the SUB-CONTRACTORS shall have the right to have certain components, packaging, advertising and promotional items, furniture and/or any element of any kind bearing or representing the LICENSED TRADEMARKS to be used for or in connection with the LACOSTE WATCHES manufactured by SUPPLIERS designated by it, provided however the MASTER LICENSEE, its SUB-LICENSEES and/or the SUB-CONTRACTORS have entered with their SUPPLIERS into written SUPPLY AGREEMENTS which shall conform in all material respects to a general model previously approved in writing by the

LICENSOR, and shall include, in addition to the rights and obligations which the MASTER LICENSEE or the SUB-LICENSEES and/or the SUB-CONTRACTORS wish to grant, all obligations the MASTER LICENSEE or the SUB-LICENSEES and/or the SUB-CONTRACTORS would otherwise have had to fulfill with respect to the rights granted to the SUPPLIERS.

5.3.2 The MASTER LICENSEE shall deliver to the LICENSOR a copy of each SUPPLY AGREEMENT as soon as practicable after it has been signed. The MASTER LICENSEE agrees that LICENSOR may request from MASTER LICENSEE that it takes action or that it causes the appropriate SUB-CONTRACTOR to take action against a SUPPLIER (including claims for damages in favour of LICENSOR, injunctions and any other appropriate remedies) and/or terminates forthwith a SUPPLY AGREEMENT in case of breach by such SUPPLIER of any of its essential obligations under such SUPPLY AGREEMENT which also constitutes a breach of the MASTER LICENSEE's obligations hereunder that is not cured by such SUPPLIER within thirty (30) days after receiving notice of such breach.

#### 5.4 Visits and control

5.4.1 The MASTER LICENSEE, upon request of the LICENSOR, shall authorize or have the LICENSOR authorized to visit, in the presence of representatives designated by the MASTER LICENSEE, any premises in which the LACOSTE WATCHES or parts thereof or any items bearing or representing the LICENSED TRADEMARKS are manufactured by the MASTER LICENSEE, or by any one of its SUB-LICENSEES and/or SUB-CONTRACTORS and/or SUPPLIERS.

5.4.2 The MASTER LICENSEE undertakes to authorize or have the LICENSOR authorized to make or have made any necessary and/or appropriate control at any stage of the manufacture of the LACOSTE WATCHES or part thereof or of any item bearing or representing the LICENSED TRADEMARKS by the MASTER LICENSEE, or by any of its SUB-LICENSEES and/or SUB-CONTRACTORS and/or SUPPLIERS in order to ascertain that the quality of the LACOSTE

WATCHES and of their components and of the items bearing or representing the LICENSED TRADEMARKS conforms to the provisions of this MASTER AGREEMENT and inter alia with the provisions of Articles 3.3 and 5.1.2 hereinabove.

#### 5.5 Ethical Charter

The MASTER LICENSEE undertakes (a) to comply with and to ensure that its SUB-LICENSEES, DISTRIBUTORS, SUB-CONTRACTORS and SUPPLIERS comply at all times with the relevant provisions of any treaty, law or regulation in relation to the protection of human rights and in particular childhood, salaries, duration and condition of workmanship, and with the relevant provisions of any treaty, law or regulation in relation to the protection of the environment, (b) to take all necessary and appropriate measures to immediately bring an end to any violation of such provisions, and (c) to guarantee and indemnify the LICENSOR and its assignees and successors from any claims, known or unknown, liabilities, demands, damages, causes of action, costs, expenses, dues, covenants, suits, indemnities, judgments which any third party hereafter can, shall or may have in connection with or arising out of any alleged violation by MASTER LICENSEE, any SUB-LICENSEE, DISTRIBUTOR, SUB-CONTRACTOR or SUPPLIER of any such provision. The MASTER LICENSEE shall ensure that a similar provision to this Article 5.5 is included in each SUB-LICENSING AGREEMENT, DISTRIBUTION AGREEMENT, SUB-CONTRACTING AGREEMENT and SUPPLY AGREEMENT.

#### ARTICLE 6 - MARKETING AND MERCHANDISING

##### 6.1 Obligations of the LICENSOR

The LICENSOR shall assist the MASTER LICENSEE in the marketing, merchandising, the distribution and sale of the LACOSTE WATCHES in the TERRITORY by providing the MASTER LICENSEE with its MARKETING AND MERCHANDISING KNOW-HOW and through frequent visits and contacts among their respective personnel. To this effect, and in particular to maintain the homogeneity of the LACOSTE TRADEMARKS IMAGE, the LICENSOR shall :

6.1.1 regularly advise the MASTER LICENSEE of its requirements within the field of marketing and

merchandising, such as specifications concerning the presentation of the LACOSTE WATCHES in the shop-windows or inside shops, the point-of-sales advertising materials, etc., that the MASTER LICENSEE shall have to implement within the TERRITORY; and

6.1.2 proceed, in cooperation with the MASTER LICENSEE, with all appropriate studies relating to the fitting, decoration and architecture of the points-of-sale and to the creation of the furniture and other elements to be used in connection with the sale of the LACOSTE WATCHES in the APPROVED WATCHES RETAILERS.

The costs related to such studies shall be equally shared between the MASTER LICENSEE and the LICENSOR; and

6.1.3 authorize the MASTER LICENSEE to have manufactured by SUPPLIERS, under the terms provided in Article 5.3 hereinabove, the furniture and related elements intended to be used in connection with the sale of the LACOSTE WATCHES. Said SUPPLIERS shall have to strictly conform to the blueprints and recommendations of the LICENSOR with respect to the shapes, designs, quality and specifications imposed on by the LICENSOR for said furniture and other elements; and

6.1.4 give the MASTER LICENSEE complete access to any and all market surveys, statistics, reports and information it may have (which it is not obliged, vis-a-vis third parties, to hold in confidence) regarding the LACOSTE TRADEMARKS IMAGE and the market position of the LACOSTE WATCHES among competitors, retail customers and consumers; and

6.1.5 at MASTER LICENSEE's request, assist the MASTER LICENSEE in the selection of any outside consultant as may be necessary and help the MASTER LICENSEE with the interpretation of the reports prepared by such consultants; and

## 6.2 Obligations of the MASTER LICENSEE

The MASTER LICENSEE shall take all necessary measures to promote the distribution and sale of the LACOSTE WATCHES within the TERRITORY by conforming to such policies as are prescribed and coordinated world-wide by the LICENSOR for the LACOSTE TRADEMARKS and by using the MARKETING AND MERCHANDISING KNOW-HOW provided by the LICENSOR together with its own resources. To this effect, in each of the MAIN COUNTRIES of the TERRITORY, the MASTER LICENSEE shall (or shall procure that its SUB-LICENSEES or its DISTRIBUTORS shall) :

- 6.2.1 make such investments as are reasonably necessary to create and/or to maintain the organization necessary for the distribution, marketing, merchandising, promotion and advertising of the LACOSTE WATCHES in a manner that may be reasonably deemed satisfactory by the parties hereto. Such organization shall either be dedicated exclusively to the LACOSTE WATCHES, or, wherever an exclusive organization cannot be set up or appointed, the MASTER LICENSEE shall see to it that the distribution, marketing and merchandising, promotion and advertising of the LACOSTE WATCHES be done so as to avoid any risk of confusion by the retail trade or the consumers with other brands offered by the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS; and
- 6.2.2 designate one of its senior managers as the principal correspondent with the MASTER LICENSEE on all business matters pertaining to this MASTER AGREEMENT; and
- 6.2.3 participate in the Watches Committees which the LICENSOR will organize from time to time to allow a regular and organized review of the activities of the MASTER LICENSEE pertaining to the LACOSTE WATCHES; and
- 6.2.4 consult with the LICENSOR at least three (3) months before the beginning of the sale of each season's collection with respect to the MASTER LICENSEE's marketing and merchandising policy at the occasion of the Watches Committees, and at the occasion of the coordination meetings organized by the LICENSOR between the LICENSOR

and the different licensees of the LICENSOR. This consultation shall be done with the purpose of reaching an agreement on the objectives and the means to use in order to achieve the best possible sales results within the TERRITORY as well as the best possible coordination with the marketing and merchandising policy of the LACOSTE APPAREL PRODUCTS and OTHER LACOSTE PRODUCTS; and

6.2.5 provide the LICENSOR :

- three months after the start of the sales of each collection of LACOSTE WATCHES (a collection report. Such report shall include the comments on the quality and the styling for each category (as defined in Schedule V) of the LACOSTE WATCHES for each of the first five (5) markets by turnover in the world and for each of the countries in which a SUB-LICENSEE has received a sub-license from the MASTER LICENSEE. Such report shall also include any requests for future collections, and
- at the end of each season, the sales of each of the collections of the LACOSTE WATCHES by style and by color; and

6.2.6 provide the LICENSOR on a regular basis at the time of the Watches Committees organized by the LICENSOR to examine the commercial situation of the LACOSTE WATCHES an estimate of the sales (i) in units of the collection presently being delivered as well as of the immediately following collection itemized, for each of the lines of LACOSTE WATCHES, by category of LACOSTE WATCHES (as defined in Schedule V), and (ii) by country, with a comparison with the sales of the comparable collections during the two (2) prior years; and

6.2.7 provide the LICENSOR once a year, at the beginning of the month of October, with its estimated NET SALES and SALES TO DISTRIBUTORS by country in units and in turnover for the following three (3) calendar years itemized, for each of the lines of LACOSTE WATCHES, by category of LACOSTE WATCHES (as defined in Schedule V); and shall update these estimates for the first year of this three year period, a first time six (6) months later (in April), and a second time twelve (12) months later (in October); and

6.2.8 provide the LICENSOR twice a year in January and July with a list of all the points of sale of the LACOSTE WATCHES and deliver simultaneously to the LICENSOR a report giving the quantities, the NET SALES and the SALES TO DISTRIBUTORS of the LACOSTE WATCHES sold during the preceding six-month period in each country of the TERRITORY itemized, for each of the lines of LACOSTE WATCHES, by category of LACOSTE WATCHES (as defined in Schedule V) and by type of points-of-sale (as defined in Schedule IX); and

6.2.9 in a general manner :

- a) invite the LICENSOR's personnel to attend (at LICENSOR's expense) all commercial meetings and to participate in all commercial trips concerning LACOSTE WATCHES that the LICENSOR may wish in order to enable the LICENSOR to fulfill its role in particular with respect to the co-ordination of the marketing, merchandising, advertising and promotion of the LACOSTE TRADEMARKS IMAGE; and
- b) give the LICENSOR complete access to any and all market surveys, reports and information it may have (which it is not obliged to third parties to hold in confidence) regarding the market position of the LACOSTE WATCHES among competitors, retail customers and consumers in the TERRITORY; and
- c) use reasonable efforts to reply to any request from the LICENSOR concerning additional details or statistics regarding LACOSTE WATCHES based on sales; and
- d) in the interests of both parties, enable LICENSOR's personnel (at LICENSOR's expense) to carry out their role of assistance to and consultation with the MASTER LICENSEE and supply them with such help and information as may be reasonably available for the accomplishment of their role and, in particular, provide all available information and surveys reasonably necessary for the analysis of the retail outlets sales activity

so as to permit the LICENSOR to better define the conditions and the trends of the market; and

- e) shall ensure that the APPROVED WATCHES RETAILERS implement and conform to the marketing and merchandising policy defined in Article 6.2.4 hereinabove; and
- f) shall ensure that the APPROVED WATCHES RETAILERS conform to the specifications concerning the fittings, the decoration and architecture of the points-of-sale and use the furniture and other elements developed jointly by the LICENSOR and the MASTER LICENSEE according to the provisions of Article 6.1.2 hereinabove to be used in connection with the sale of the LACOSTE WATCHES; and
- g) in the best interest of the LACOSTE TRADEMARKS IMAGE shall use its best efforts so that the members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM (and in particular the "global stores") which meet the criteria set out in Article 7.1.1 hereinafter be supplied whenever possible with the LACOSTE WATCHES.

#### ARTICLE 7 - DISTRIBUTION AND SALES

The MASTER LICENSEE shall carry out the distribution of the LACOSTE WATCHES in the TERRITORY exclusively through :

- a) the members of the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM, through APPROVED WATCHES RETAILERS previously selected in each country of the TERRITORY and to which, whenever possible, it shall be contractually linked; and
- b) the members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM, subject to the terms and conditions set forth in Article 7.2 hereinafter.

##### 7.1 APPROVED WATCHES RETAILERS

So as to provide the consumer with the best service, to ensure the homogeneity of the high quality of the



distribution of the LACOSTE WATCHES throughout the world and to guarantee their authenticity, the MASTER LICENSEE shall select, and require its SUB-LICENSEES and DISTRIBUTORS to select APPROVED WATCHES RETAILERS on the basis of the following objective criteria as regards both quality and techniques, and shall use reasonable commercial efforts to establish with them, and require its SUB-LICENSEES and DISTRIBUTORS to establish with them, whenever possible, a contractual relationship including the terms and conditions set forth in the form of Lacoste Watches Approved Retailer Contract annexed hereto as Schedule XII.

#### 7.1.1 Conditions of Approval

The MASTER LICENSEE shall select, and shall cause its SUB-LICENSEES and DISTRIBUTORS to select, as APPROVED WATCHES RETAILERS exclusively those which meet the standards of performance as set forth in the Lacoste Watches General Conditions of Distribution annexed hereto as Schedule XIII for the following criteria :

- a) the location and environment of the point-of-sale (type and category of the building, location in the town in question, type of shops in the neighborhood, sales area of the shop, quality of the frontage, length of the shop window); and
- b) its fittings (quality of the shop sign, window-dressing, quality of the furnishings and lighting); and
- c) the type, brand and nature of the products sold in the outlet;  
and
- d) the qualification of the personnel; and
- e) the financial capabilities and solvency guarantees.

#### 7.1.2 Approval of the APPROVED WATCHES RETAILERS

The LICENSOR reserves the right to verify that every point of sale selected by the MASTER LICENSEE as an APPROVED WATCHES RETAILER conforms to the objective criteria set forth in

Article 7.1.1 hereinabove (except for the points of sales listed in Schedule XIV, which, as LICENSOR and MASTER LICENSEE have agreed, conform to the objective criteria set forth in Article 7.1.1 hereinabove). Except for such points of sale, the MASTER LICENSEE shall submit or cause to be submitted to the LICENSOR a copy of the completed application for every potential point of sale for approval. The LICENSOR shall have ten (10) business days to approve in writing a potential point of sale based upon the objective criteria set forth under Article 7.1.1 hereinabove and the LICENSOR shall not unreasonably withhold, delay or condition its approval, and shall be deemed to have given its approval if LICENSOR does not notify MASTER LICENSEE that it disapproves of such proposed point of sale with ten (10) business days of receipt of the completed application.

#### 7.1.3 Duties of the APPROVED WATCHES RETAILERS

In addition to the obligations usually undertaken by retailers, the MASTER LICENSEE shall ensure that the agreements between itself and the APPROVED WATCHES RETAILERS expressly provide that the APPROVED WATCHES RETAILERS agree that :

- a) the standing of the point-of-sale and its environment remain at all times compatible with the LACOSTE TRADEMARKS IMAGE, as established and coordinated by the LICENSOR; and
- b) the sales area in the store is always sufficient to permit the presentation of the LACOSTE WATCHES in a sufficient shopping space without disproportion with the other brands offered for sale and allowing to distinguish them; and
- c) each point-of-sale always contains an adequate range of the LACOSTE WATCHES; and
- d) the sales personnel of each point-of-sale is always well qualified and trained in presenting and selling the LACOSTE WATCHES; and

- e) unless prohibited by applicable law, e.g., in the United States of America, no generalized discount sales policy is applied; and
- f) no misleading advertising is made; and
- g) the counters, posters, demonstration and other advertising material are displayed in a prominent position in each store and set up with the MASTER LICENSEE's approval; and
- h) a notice stating "Approved Watches Lacoste Retailer" is displayed in a prominent position in the window or near the LACOSTE WATCHES display area.

7.1.4 The MASTER LICENSEE shall ensure that all elements bearing or representing the LICENSED TRADEMARKS (such as awnings, pennants, etc.) used by the APPROVED WATCHES RETAILERS on the facade, in the window or inside their shops are exclusively those supplied by the MASTER LICENSEE or, exceptionally those which have received the prior and express written approval of the MASTER LICENSEE.

In this respect, a specific provision shall be included in the written confirmations issued to the APPROVED WATCHES RETAILERS.

The MASTER LICENSEE shall inform the LICENSOR of any new kind of material that the APPROVED WATCHES RETAILERS would like to use.

7.1.5 The MASTER LICENSEE shall offer an appropriate warranty on the LACOSTE WATCHES of at least one (1) year starting from the date of purchase of such LACOSTE WATCHES, and shall put in place and organize an after-sale service of the level appropriate with the LACOSTE TRADEMARKS IMAGE.

7.2 Special provisions applicable to the members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM

Nothing contained in this MASTER AGREEMENT, and in particular this Article 7.2 and Articles 1.40 or 1.41,

shall be construed as meaning that LACOSTE WATCHES shall be offered for sale in each and every LACOSTE BOUTIQUE and LACOSTE CORNER fulfilling the requirements of Article 7.2.1 hereinafter.

7.2.1 PRESENTATION SURFACE of the LACOSTE WATCHES and/or of the OTHER LACOSTE PRODUCTS in the LACOSTE BOUTIQUES and LACOSTE CORNERS

- a) So as to make sure that at the same time the LACOSTE BOUTIQUES and LACOSTE CORNERS remain principally devoted to the sale of LACOSTE APPAREL PRODUCTS and only on a subordinate basis of the LACOSTE WATCHES and/or of the OTHER LACOSTE PRODUCTS and to allow the development of the LACOSTE WATCHES together with the OTHER LACOSTE PRODUCTS, the LACOSTE BOUTIQUES with a COMMERCIAL SURFACE exceeding \* and the LACOSTE CORNERS with a COMMERCIAL SURFACE exceeding \* shall be authorized to sell the LACOSTE WATCHES and all the categories of the OTHER LACOSTE PRODUCTS that they wish to sell. DEVANLAY shall reserve for the LACOSTE WATCHES together with the OTHER LACOSTE PRODUCTS in each of these LACOSTE BOUTIQUES and in each of these LACOSTE CORNERS at least \* of the PRESENTATION SURFACE of such LACOSTE BOUTIQUE or LACOSTE CORNER.

For the LACOSTE BOUTIQUES with a COMMERCIAL SURFACE exceeding \*, the PRESENTATION SURFACE reserved for the LACOSTE WATCHES together with the OTHER LACOSTE PRODUCTS shall be at least \* of the PRESENTATION SURFACE of such LACOSTE BOUTIQUE.

DEVANLAY or the relevant LACOSTE APPAREL PRODUCTS DISTRIBUTOR shall decide with the owner of each LACOSTE BOUTIQUE and of each LACOSTE CORNER, within the limits fixed above, the percentage of the PRESENTATION SURFACE reserved for the LACOSTE WATCHES and for the OTHER LACOSTE PRODUCTS.

DEVANLAY, or the relevant LACOSTE APPAREL PRODUCTS DISTRIBUTOR, shall decide with the owner of each LACOSTE BOUTIQUE and of each LACOSTE CORNER the manner in which the space reserved for

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the LACOSTE WATCHES and for the OTHER LACOSTE PRODUCTS shall be allocated.

The owner of each LACOSTE BOUTIQUE and of each LACOSTE CORNER shall comply scrupulously and in all respects with the instructions of DEVANLAY, or of the relevant LACOSTE APPAREL PRODUCTS DISTRIBUTOR, concerning the merchandising of the LACOSTE WATCHES and of the OTHER LACOSTE PRODUCTS in the LACOSTE BOUTIQUES and in the LACOSTE CORNERS.

Within this framework, the owners of the LACOSTE BOUTIQUES and of the LACOSTE CORNERS are free to decide if they want to present LACOSTE WATCHES in their points of sale and to choose the categories of OTHER LACOSTE PRODUCTS which they wish to present in their points of sale.

- b) Provided that they have been authorized beforehand and in writing by DEVANLAY, the LACOSTE BOUTIQUES with a COMMERCIAL SURFACE smaller than or equal to \* and the LACOSTE CORNERS with a COMMERCIAL SURFACE smaller than or equal to \* may sell certain LACOSTE WATCHES and/or OTHER LACOSTE PRODUCTS in the same conditions as those provided for by the present AGREEMENT. Given the size of these points of sale, the parties agree that no reservation of a minimum PRESENTATION SURFACE shall apply to them.

7.2.2 Selection of the collections of the LACOSTE WATCHES for the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM

The presence of the LACOSTE WATCHES together with the OTHER LACOSTE PRODUCTS alongside the LACOSTE APPAREL PRODUCTS in the LACOSTE BOUTIQUES and in the LACOSTE CORNERS is desirable in the interest of the LACOSTE TRADEMARKS IMAGE and of the development of the "lifestyle" image of the Lacoste brand. The purpose is to define for each LACOSTE BOUTIQUE and for each LACOSTE CORNER a well-balanced solution, preserving both the LACOSTE TRADEMARKS IMAGE and the interests of the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS and the LACOSTE WATCHES.

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- a) The collections of the LACOSTE WATCHES for the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM shall be selected in each country among the worldwide collections approved by the LICENSOR, by mutual agreement between each of the distributors of the LACOSTE WATCHES and the LACOSTE APPAREL PRODUCTS DISTRIBUTOR in such country.

The selection of the collections of the LACOSTE WATCHES means the determination, by territory, on the one hand, of the product ranges (choice of models among those existing) of the LACOSTE WATCHES collections, among which the owner of the point of sale shall be free to choose when placing his orders and, on the other hand, of the total number of references/color of LACOSTE WATCHES and of OTHER LACOSTE PRODUCTS which may be commercialized during a season in each category of point of sale according to its size and its lay-out. The determination of the product ranges shall be such as to offer the owners of the points of sale the opportunity to exercise their choice among collections having, for the LACOSTE WATCHES and for each category of OTHER LACOSTE PRODUCTS, a reasonable representativeness.

- b) Subject to the terms of paragraph a) hereinabove, such selection shall be made taking into account :

- the availability of the collections of the LACOSTE WATCHES in such country, and
- the commercial interest that the LACOSTE WATCHES may offer to the LACOSTE BOUTIQUES and the LACOSTE CORNERS, and
- the purchasing behavior and habits of such country, and
- the periodicity appropriate to the LACOSTE WATCHES.

- c) The collections of the LACOSTE WATCHES chosen for the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM in each country shall be updated with the appropriate periodicity (season, year) following the rules specified in paragraphs a) and b) hereinabove.

- d) In the event of a disagreement between a distributor of LACOSTE WATCHES and a LACOSTE APPAREL PRODUCTS DISTRIBUTOR about the selection of collections of LACOSTE WATCHES for the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM in a given country, the LICENSOR and DEVANLAY shall make their best efforts to find together a well-balanced solution which preserves together the LACOSTE TRADEMARKS IMAGE, the development of the "lifestyle" image of the Lacoste brand and the interests of the LACOSTE APPAREL PRODUCTS and of the LACOSTE WATCHES. The final decision shall rest with DEVANLAY.
- e) Once the ranges of the LACOSTE WATCHES and of the OTHER LACOSTE PRODUCTS and the total number of references/color of the LACOSTE WATCHES and/or of the OTHER LACOSTE PRODUCTS have been selected, the owners of the LACOSTE BOUTIQUES and of the LACOSTE CORNERS will be free to decide, within this framework, the quantities of LACOSTE WATCHES and/or of OTHER LACOSTE PRODUCTS to be ordered.

7.2.3 Supply of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM by the distributors of the LACOSTE WATCHES

- a) The distributors of the LACOSTE WATCHES shall present the collections selected by country directly to the LACOSTE BOUTIQUES and to the LACOSTE CORNERS, which shall place their orders and repeat orders directly with them according to their specificities (size, location, customers). In each territory, the distributors of the LACOSTE WATCHES shall transmit electronically to the LACOSTE APPAREL PRODUCTS DISTRIBUTOR concerned a copy of each order placed by the LACOSTE BOUTIQUES and the LACOSTE CORNERS located in such territory. These orders shall be sent to the LACOSTE APPAREL PRODUCTS DISTRIBUTOR upon receipt by the distributors of the LACOSTE WATCHES, and shall specify the anticipated delivery dates. Upon receipt of the copies of the orders and within 10 days at most, the LACOSTE APPAREL PRODUCTS DISTRIBUTORS may contact the concerned distributor(s) of the LACOSTE WATCHES if, after examining the orders, it appears that

the selection of the collection for a specific point of sale does not comply with the terms of Article 7.2.2 hereinabove. In such an event, the LACOSTE APPAREL PRODUCTS DISTRIBUTOR shall have the right to request the distributor(s) of the LACOSTE WATCHES concerned not to accept these orders insofar as they do not conform with the pre-agreed terms relating to the selection of ranges of LACOSTE WATCHES set forth in Article 7.2.2 hereinabove. The distributors of the LACOSTE WATCHES undertake to act in accordance with the request of the LACOSTE APPAREL PRODUCTS DISTRIBUTOR. In the absence of reaction from the LACOSTE APPAREL PRODUCTS DISTRIBUTOR within 10 days following the receipt of the copies of the orders for the beginning of the season, such orders may be implemented as such. Notwithstanding the foregoing, repeat orders may be delivered by the distributor of the LACOSTE WATCHES as soon as they are received.

- b) The LACOSTE BOUTIQUES and the LACOSTE CORNERS shall be supplied and invoiced directly by the distributors of the LACOSTE WATCHES.
- c) The distributors of the LACOSTE WATCHES for each country shall send each semester to the LACOSTE APPAREL PRODUCTS DISTRIBUTOR a detailed recapitulative statement of the invoices of LACOSTE WATCHES sent to each LACOSTE BOUTIQUES and LACOSTE CORNER. Copies of these statements shall be sent simultaneously to the LICENSOR, to DEVANLAY and to the MASTER LICENSEE.
- d) In the event of a violation by a LACOSTE BOUTIQUE or a LACOSTE CORNER of the limits of the PRESENTATION SURFACE established for the LACOSTE WATCHES together with the OTHER LACOSTE PRODUCTS in the point of sale or of the selection of the collections of the LACOSTE WATCHES and of the OTHER LACOSTE PRODUCTS intended to be commercialized in this point of sale, or of the maximum number of references/color of LACOSTE WATCHES and/or of OTHER LACOSTE PRODUCTS which may be commercialized in such LACOSTE BOUTIQUE or LACOSTE CORNER, or in the event that the purchasing turnover of LACOSTE APPAREL PRODUCTS during a semester is less than \*

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\* of the total purchasing turnover of the relevant LACOSTE BOUTIQUE or LACOSTE CORNER during the same period, DEVANLAY, or the LACOSTE APPAREL PRODUCTS DISTRIBUTOR concerned, shall be entitled on a first instance to issue a warning to the relevant LACOSTE BOUTIQUE or LACOSTE CORNER and, if any of these occurrences should be repeated, to forbid such point of sale to commercialize LACOSTE WATCHES and OTHER LACOSTE PRODUCTS during at least one season.

The LICENSOR and the MASTER LICENSEE shall be informed of such measures taken by DEVANLAY. The MASTER LICENSEE undertakes to comply with these measures by suspending all orders and deliveries to such point of sale.

#### 7.2.4 Selective Distribution Systems

a) The MASTER LICENSEE acknowledges that the LACOSTE BOUTIQUES and the LACOSTE CORNERS are points of sale with specific characteristics resulting inter alia from the fact that all the products sold in these premises bear the LACOSTE TRADEMARKS, as well as from the fact that these points of sale are principally devoted to the sale of LACOSTE APPAREL PRODUCTS and only on a subordinate basis of LACOSTE WATCHES together with OTHER LACOSTE PRODUCTS, contrary to the members of the "APPROVED APPAREL RETAILERS" SELECTIVE DISTRIBUTION SYSTEM who can sell products of different brands and who are devoted to the sale of the LACOSTE APPAREL PRODUCTS, unless they are selected as approved retailers for LACOSTE WATCHES and/or OTHER LACOSTE PRODUCTS.

Therefore, the LACOSTE BOUTIQUES and the LACOSTE CORNERS constitute together the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM organized by DEVANLAY which is distinct from the "APPROVED APPAREL RETAILERS" SELECTIVE DISTRIBUTION SYSTEM comprising the approved retailers for the LACOSTE APPAREL PRODUCTS.

The "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM is also distinct

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from the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM organized by the MASTER LICENSEE.

- b) The MASTER LICENSEE therefore undertakes, in its own name and in the name of its SUB-LICENSEES and its DISTRIBUTORS, to take all appropriate measures to ensure the integrity of the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM, the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM and the "APPROVED APPAREL RETAILERS" SELECTIVE DISTRIBUTION SYSTEM.

7.2.5 Assistance of DEVANLAY and/or of the LACOSTE APPAREL PRODUCTS DISTRIBUTORS to the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM in connection with the LACOSTE WATCHES and/or the OTHER LACOSTE PRODUCTS

In connection with the LACOSTE WATCHES and/or the OTHER LACOSTE PRODUCTS that will be offered in the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM under the terms of this Article 7.2, DEVANLAY and/or the LACOSTE APPAREL PRODUCTS DISTRIBUTORS have agreed that :

- a) in the field of merchandising, they shall :
- ensure the coherence of the merchandising for the LACOSTE APPAREL PRODUCTS, the LACOSTE WATCHES and/or the OTHER LACOSTE PRODUCTS, and
  - present in a suitable fashion the LACOSTE WATCHES following the rules contained in the merchandising guide (called the "Green Book") and its seasonal editions developed by DEVANLAY, which shall be updated by the LICENSOR and DEVANLAY and approved by the LICENSOR, and
  - present completely, in particular in the shop-windows, the lines of LACOSTE APPAREL PRODUCTS, LACOSTE WATCHES together with OTHER LACOSTE PRODUCTS, so as to express fully the Lacoste "way-of-life", and
  - use their best efforts to include the LACOSTE WATCHES together with the OTHER LACOSTE PRODUCTS in their local or national advertising and promotion campaigns.
- b) in the field of reporting, they shall :
- do their best efforts to ensure that the LACOSTE BOUTIQUES progressively put in place IT

systems allowing a detailed reporting of their sales of LACOSTE APPAREL PRODUCTS, LACOSTE WATCHES and OTHER LACOSTE PRODUCTS, and

- for those LACOSTE BOUTIQUES who have not yet put in place, and as long as they have not done so, continue providing the LICENSOR and the MASTER LICENSEE with reports similar to those available as of March 1, 2004, and
- supply the LACOSTE BOUTIQUES with such elements as may be necessary for the IT treatment and the reporting of their sales of LACOSTE WATCHES, subject to having received the basic data about the LACOSTE WATCHES necessary to the operation of such a system from the LICENSOR, who shall have obtained it himself from the MASTER LICENSEE, and
- prepare and submit to the LICENSOR and to the MASTER LICENSEE, for the LACOSTE BOUTIQUES which have put in place the necessary IT systems and have received the necessary basic data about the LACOSTE WATCHES :
  - (i) on a monthly basis and under the same conditions and terms as for the sales of the LACOSTE APPAREL PRODUCTS by the LACOSTE BOUTIQUES, the information relating to the sales of the LACOSTE WATCHES in each LACOSTE BOUTIQUE. This information shall include for each LACOSTE BOUTIQUE the detail of the sales to the consumer of the LACOSTE WATCHES, and
  - (ii) on a semi-annual basis the information relating to the sales by reference of the LACOSTE WATCHES in each of the LACOSTE BOUTIQUES.

#### 7.2.6 Contribution of the MASTER LICENSEE

- a) In consideration of the merchandising and reporting services and of the reservation of the PRESENTATION SURFACES made for the LACOSTE WATCHES by the LACOSTE APPAREL PRODUCTS DISTRIBUTORS, the MASTER LICENSEE shall pay, or shall ensure that its SUB-LICENSEES and its DISTRIBUTORS pay, each six (6) months, in each country to DEVANLAY, or, if the distribution of the LACOSTE APPAREL PRODUCTS in this country has been granted to a LACOSTE APPAREL PRODUCTS DISTRIBUTOR, to such LACOSTE APPAREL PRODUCTS DISTRIBUTOR, a contribution representing a fixed

percentage of \* of the purchases of the LACOSTE WATCHES made by the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM in such country.

In view of the importance of the LACOSTE BOUTIQUES having a COMMERCIAL SURFACE larger than \* due to their role as showcases on prime locations and due to their high operations cost, the MASTER LICENSEE shall pay, or shall ensure that its SUB-LICENSEES and its DISTRIBUTORS pay, to DEVANLAY, or, if the distribution of the LACOSTE APPAREL PRODUCTS in this country has been granted to a LACOSTE APPAREL PRODUCTS DISTRIBUTOR, to such LACOSTE APPAREL PRODUCTS DISTRIBUTOR, a contribution representing a fixed percentage of \* mentioned hereinabove, of the purchases of the LACOSTE WATCHES by the LACOSTE BOUTIQUES having a COMMERCIAL SURFACE larger than \*.

- b) The amount of the contribution of the MASTER LICENSEE (or of the SUB-LICENSEES or DISTRIBUTORS, as the case may be) shall be determined on the basis of their NET SALES to the LACOSTE BOUTIQUES and the LACOSTE CORNERS.
- c) These amounts shall be calculated on June 30 and December 31 of each year and the corresponding contribution shall be paid no later than August 31 and February 28 of each year, by the MASTER LICENSEE or the SUB-LICENSEES or DISTRIBUTORS to DEVANLAY, or if in such country the distribution of the LACOSTE APPAREL PRODUCTS has been granted to a LACOSTE APPAREL PRODUCTS DISTRIBUTOR, to such LACOSTE APPAREL PRODUCTS DISTRIBUTOR.
- d) If the contribution due by the MASTER LICENSEE has not been fully paid at the dates specified in paragraph c) hereinabove to DEVANLAY (or to the appropriate LACOSTE APPAREL PRODUCTS DISTRIBUTORS), the LACOSTE GROUP shall have the right, thirty (30) days after a notice given by registered mail with certified receipt which will not have been followed by complete payment of all and any due and unpaid contributions, to instruct

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forthwith the MASTER LICENSEE to stop any further deliveries of the LACOSTE WATCHES to the members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM anywhere in the world, and the MASTER LICENSEE agrees to forthwith comply with such instructions.

#### 7.2.7 Furniture and sales equipment used for the LACOSTE WATCHES

The furniture and other sales equipment used for the LACOSTE WATCHES in the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM shall exclusively be those developed by the LICENSOR in cooperation with DEVANLAY and/or the MASTER LICENSEE.

DEVANLAY and the LACOSTE APPAREL PRODUCTS DISTRIBUTOR shall be the sole entities responsible for the lay-out of the LACOSTE BOUTIQUES and the LACOSTE CORNERS, subject to the terms of this Article 7.2.

#### 7.2.8 End-of-season goods

The rules applied by the LACOSTE BOUTIQUES and the LACOSTE CORNERS for the sale end-of-season goods shall be those applicable to the LACOSTE APPAREL PRODUCTS, but, to the extent possible, shall also have to follow those applicable to the LACOSTE WATCHES.

#### 7.2.9 Specific agreements

In the event that specific agreements, departing from the provisions set forth hereinabove in Articles 7.2.1 to 7.2.8 are concluded either between DEVANLAY and the MASTER LICENSEE, or between a distributor of LACOSTE WATCHES and the LACOSTE APPAREL PRODUCTS DISTRIBUTOR in a given territory, the terms of such specific agreements shall prevail over the provisions set forth hereinabove in Articles 7.2.1 to 7.2.8. The MASTER LICENSEE shall promptly inform the LICENSOR of any such specific agreement.

7.2.10 Breach of the obligations of the MASTER LICENSEE under the provisions set forth in Articles 7.2.1 to 7.2.9

The MASTER LICENSEE acknowledges that in the event of a breach in one or several countries in the TERRITORY by the MASTER LICENSEE or by a SUB-LICENSEE or a DISTRIBUTOR of their obligations under the provisions set forth hereinabove in Articles 7.2.1 to 7.2.9, the LICENSOR has undertaken towards DEVANLAY and the LACOSTE APPAREL PRODUCTS DISTRIBUTORS to use its best efforts to obtain from the MASTER LICENSEE or from its SUB-LICENSEE or DISTRIBUTOR that it remedies such breach. The MASTER LICENSEE further acknowledges that in the event such efforts remain unsuccessful, the LICENSOR has agreed that DEVANLAY and the LACOSTE APPAREL PRODUCTS DISTRIBUTORS shall no longer be bound by any of their commitments concerning the presence or the sale of the LACOSTE WATCHES in the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM in such country(ies), which the MASTER LICENSEE and its SUB-LICENSEE or DISTRIBUTOR accept.

7.3 INTERNET - MAIL ORDER

The LICENSOR is desirous to protect in the TERRITORY the LACOSTE TRADEMARKS IMAGE, the MODELS, the LACOSTE WATCHES as well as the LACOSTE APPAREL PRODUCTS and the OTHER LACOSTE PRODUCTS sold under the LICENSED TRADEMARKS. The LICENSOR also desires to protect the consumer from the counterfeiting of the above and desires to offer the consumer an appropriate environment and a high quality service. For all these reasons, the LACOSTE WATCHES must be exclusively sold through the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM and the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM.

In consequence, the advertising and/or the sale of the LACOSTE WATCHES on the Internet are authorized provided that the following conditions are met :

7.3.1 the advertising and/or the sale of the LACOSTE WATCHES on the Internet or by Mail Order may only be made by APPROVED WATCHES RETAILERS and members

of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM; and

7.3.2 the web site or the Mail Order catalogues on which the LACOSTE WATCHES shall be advertised and/or sold shall be submitted to LICENSOR for LICENSOR's written approval. Such approval shall be granted if the following conditions are met :

- a) the name, the environment, the presentation and the general standing of the web site or the Mail Order catalogues as well as the way it functions shall be compatible with the LACOSTE TRADEMARKS IMAGE; and
- b) the web site or the Mail Order catalogues shall offer to consumers a high quality service for the LACOSTE WATCHES; and
- c) the manner in which the MODELS and the LICENSED TRADEMARKS are presented on the web site or in the Mail Order catalogues in connection with the advertising and/or the sale of the LACOSTE WATCHES shall be submitted to LICENSOR for LICENSOR's written approval. The APPROVED WATCHES RETAILERS and the members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM may not include or use any of the LICENSED TRADEMARKS in the workings (as they exist as of this day or in the future) of the web, and in particular no LICENSED TRADEMARK may be included or used in a domain name, an URL address or an e-mail address.

#### 7.4 MARKETING POLICY

7.4.1 The MASTER LICENSEE undertakes to apply a marketing policy which takes into account the characteristics of the main markets of the TERRITORY and the policies practiced on each of these markets for products of comparable quality and commercial standard, so as to preserve the LACOSTE TRADEMARKS IMAGE.

7.4.2 The MASTER LICENSEE shall be free to fix its wholesale prices to the members of the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM and the

"LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM so as to facilitate the diffusion of the LACOSTE WATCHES and the development of sales within the TERRITORY. The MASTER LICENSEE shall keep the LICENSOR informed on a regular basis of its pricing policy. More specifically, the MASTER LICENSEE shall inform the LICENSOR of any modification in its price structure as soon as practicable after such modification.

Unless prohibited by applicable law, e.g., in the United States of America, reduction of price points by MASTER LICENSEE for the LACOSTE WATCHES if not justified by normal business reasons, such as technical ones or currency exchange fluctuations, may not be implemented if such a move risks in any way to have negative consequences on the LACOSTE TRADEMARKS IMAGE.

Unless prohibited by applicable law, e.g., in the United States of America, it is agreed that the prices invoiced to the members of the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM and the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM during the notice period provided for in Articles 18.3 and 20.4 hereinafter may not be lower than \*.

#### ARTICLE 8 - PROMOTION AND ADVERTISING

8.1 In order to allow the LICENSOR to coordinate in the TERRITORY a promotional and advertising policy for the sale of the LACOSTE WATCHES compatible with the prestige of the LACOSTE TRADEMARKS and of the name Lacoste and which support a satisfactory development of sales, the LICENSOR and the MASTER LICENSEE agree that :

8.1.1 the development of the advertising of the LACOSTE TRADEMARKS IMAGE shall be made by the LICENSOR at the LICENSOR's costs. The LICENSOR shall draw up twice a year at the latest before November 30 and May 31 of each year the strategy defining the policy to be implemented for the advertising of

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the LACOSTE TRADEMARKS IMAGE as well by the MASTER LICENSEE as by the LICENSOR's other licensees (briefings) and recalling the basic permanent or semi-permanent rules to be followed for said advertising, more particularly with respect to the use of the LACOSTE TRADEMARKS (Charter); and

8.1.2 the development of the advertising for the LACOSTE WATCHES shall be made by the MASTER LICENSEE at the MASTER LICENSEE's costs, respecting as closely as possible the PROMOTION AND ADVERTISING KNOW-HOW put at the MASTER LICENSEE's disposal by the LICENSOR including the LACOSTE TRADEMARKS IMAGE advertising policy defined by the LICENSOR according to the provisions of Article 8.1.1 hereinabove. The costs relating to the exploitation of the advertising of the LACOSTE WATCHES (media buying etc...) shall be borne by the MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS and shall be deemed as constituting an integral part of the promotion and advertising budgets defined in Article 8.2.2 hereinafter; and

8.1.3 the LACOSTE TRADEMARKS IMAGE's promotional programs (professional sportsmen, product placement in motion pictures, etc.) shall be :

- a) when they have an international impact, developed by the LICENSOR after having consulted the MASTER LICENSEE. The costs related to these promotional programs shall be equally shared (according to the provisions of and within the ceiling \* provided in Article 8.4.1 hereinafter) between, on one side, the MASTER LICENSEE (and, as the case may be, if said programs concern the LACOSTE APPAREL PRODUCTS and/or the OTHER LACOSTE PRODUCTS, the LICENSOR's licensees and/or distributors for such products) and on the other side, the LICENSOR. The MASTER LICENSEE share of costs shall be deemed as constituting an integral part of the promotion and advertising budgets defined in Article 8.2.2 hereinafter; and

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- b) when they have essentially a national impact, developed by the MASTER LICENSEE after having consulted the LICENSOR respecting as closely as possible the PROMOTION AND ADVERTISING KNOW-HOW put at the MASTER LICENSEE's disposal by the LICENSOR including the policy defined by the LICENSOR for the promotion of the image of the LACOSTE TRADEMARKS according to the provisions of Article 8.1.3a) hereinabove. The costs relating to these promotional programs shall be borne exclusively by the MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS and shall be deemed as constituting an integral part of the promotion and advertising budgets defined in Article 8.2.2 hereinafter.

8.2 To this effect, the MASTER LICENSEE :

8.2.1 shall participate (or shall ensure that its SUB-LICENSEES and its DISTRIBUTORS participate) in the coordination meetings organized at least twice a year in each of the MAIN COUNTRIES within the TERRITORY by the LICENSOR with the other main licensees and/or distributors for the LACOSTE APPAREL PRODUCTS and OTHER LACOSTE PRODUCTS in order to ensure the consistency of the different promotional and advertising campaigns; and

8.2.2 shall allocate (or procure that its SUB-LICENSEES and its DISTRIBUTORS allocate) for the promotional and advertising actions listed in Schedule XVII an annual advertising and promotional budget representing no less than \* of its estimated NET SALES determined in conformity with the provisions of Article 6.2.7 hereinabove. At the last of the Watches Committees of each year, the MASTER LICENSEE shall submit to the LICENSOR its advertising and promotion budget detailed by country and itemized as given in Schedule XVII, according to its forecasts of NET SALES for the concerned year, as well as a description of its main promotional and advertising actions or campaigns; and

8.2.3 provide the LICENSOR once a year at the beginning of the month of March with a report on the

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amounts spent on advertising and promotion during the previous calendar year by country itemized as given in Schedule XVII; and

- 8.2.4 shall take all reasonable steps to ensure in particular that not only the LACOSTE TRADEMARKS IMAGE, but also the personal reputation of Mr. Rene Lacoste and his family are safeguarded; and
- 8.2.5 shall use exclusively the lettering, labels and logos created by the LICENSOR when advertising or promoting the "Lacoste" image and the LACOSTE WATCHES; and
- 8.2.6 if any apparel or other products of the type comprising the LACOSTE APPAREL PRODUCTS or the OTHER LACOSTE PRODUCTS are to be depicted in any advertising or promotional material for LACOSTE WATCHES, shall use in such advertising and promotional material for the LACOSTE WATCHES exclusively the LACOSTE APPAREL PRODUCTS and/or OTHER LACOSTE PRODUCTS or accessories bearing the LACOSTE TRADEMARKS whenever such exist and are available; and
- 8.2.7 shall consult with the LICENSOR before retaining any promotion, communication or advertising agency for work in relation with the LACOSTE WATCHES; and
- 8.2.8 shall in a general manner, consult the LICENSOR when planning its advertising and promotional programs and inform the LICENSOR of the particulars of such programs before they are finalized by its advertising agents, in particular with the purpose of allowing the coordination of these programs with those of the other licensees of the LICENSOR (media plans); and
- 8.2.9 prior to the first use thereof, shall submit to the LICENSOR a copy or a photograph of its advertising or promotional projects (press and TV advertising, catalogues, posters, circulars and in general all publi-promotional material) and/or sales aids such as, in particular, the furniture, the booths for trade shows and the private or public salesrooms intended to facilitate or

promote the distribution and sale of the LACOSTE WATCHES. The LICENSOR shall have a fifteen (15) day period to notify in writing MASTER LICENSEE that it approves or disapproves the content, the form and/or the media used for these projects. Should the LICENSOR not respond within said fifteen (15) days period, it will be deemed to have given its approval; and

8.2.10 shall allow the LICENSOR and the LICENSOR's other licensees to use free of charge for their activities, subject only to the payment of the creative and authors' rights, such advertising and promotional creations and ideas; and

8.2.11 shall ensure that the APPROVED WATCHES RETAILERS comply with the conditions mentioned in Articles 8.2.4 to 8.2.10 hereinabove and 8.3 hereinafter, should they themselves elect to advertise and promote the sale of the LACOSTE WATCHES and in particular, include a special clause in its general sales conditions and/or agreements with such APPROVED WATCHES RETAILERS to this effect; and

8.3 The MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS shall not, except after having obtained the previous written agreement of the LICENSOR, and in such event according to the LICENSOR's prescriptions, register a domain name including the name Lacoste or Crocodile.

The MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS may use web pages in the sites created by or for the LICENSOR in certain countries of the TERRITORY, provided such sites are to be shared among the different LICENSOR's licensees and/or distributors and the content of which shall be provided by the MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS to the LICENSOR.

The MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS shall provide the LICENSOR with the necessary information to update said web pages, whenever requested by the LICENSOR.

Should the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS wish to include a web page in their own institutional web sites in relation with the LICENSED TRADEMARKS and the LACOSTE WATCHES, or links with the

sites of the LACOSTE GROUP, the MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS shall have to submit their plans to the LICENSOR and obtain its prior written approval before going on line. The same procedure shall apply for the updating of said web page.

8.4 The LICENSOR shall, for its part :

8.4.1 continue the promotional and advertising activities that it has carried out for many years throughout the world. It is specified that, should the LICENSOR undertake operations which are in the world-wide interest of the LACOSTE TRADEMARKS and which may be used or have direct or indirect repercussions with respect to the distribution of the LACOSTE WATCHES or the promotion and advertising of the LACOSTE TRADEMARKS IMAGE (and in particular either the promotional actions described in Article 8.1.3a) hereinabove, or the expenses for the advertising of the LACOSTE TRADEMARKS IMAGE as provided in Article 8.1.1 hereinabove), the MASTER LICENSEE shall have to contribute financially to such operations for such share as the LICENSOR shall decide, but only up to a maximum amount not exceeding for each year \* NET SALES forecasts defined in Article 6.2.7 hereinabove for such year. The amount spent by the MASTER LICENSEE for such operations shall be deemed as constituting an integral part of the advertising and promotion budget provided for in Article 8.2.2 hereinabove. If the LICENSOR does not use up such right during any one (1) year, then the amount not used up during such year may not be carried forward in the following year.

The LICENSOR shall invoice the MASTER LICENSEE for its share of such expenses regularly during the course of the year, and the MASTER LICENSEE shall settle such invoices within thirty (30) days; and

8.4.2 supply the MASTER LICENSEE from time to time, at cost price, with any advertising material used by the LICENSOR that the MASTER LICENSEE may wish to purchase; and

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8.4.3 use reasonable efforts to keep the MASTER LICENSEE informed of the actions of its other licensees and distributors in the field of their marketing, merchandising, promotion and advertising programs, for instance at the time of the coordination meetings regularly organized by the LICENSOR, to which the MASTER LICENSEE shall attend as provided by Article 6.2.4 hereinabove; and

8.4.4 ensure that its licensees and distributors for the LACOSTE APPAREL PRODUCTS and the OTHER LACOSTE PRODUCTS fulfill the same obligations in respect of advertising and promotion as are binding upon the MASTER LICENSEE as regards to the LACOSTE WATCHES pursuant to Article 8.2 hereinabove.

#### ARTICLE 9 - COLLECTIONS AND LACOSTE CLUB

The MASTER LICENSEE shall supply the LICENSOR free of charge two complete lines of LACOSTE WATCHES each year during the term of this MASTER AGREEMENT.

The LACOSTE WATCHES purchased by the LICENSOR from the MASTER LICENSEE to be sold or given as gifts through the Lacoste Club as well as the other LACOSTE WATCHES the LICENSOR may need for its own use shall be invoiced by the MASTER LICENSEE to LICENSOR \*.

#### ARTICLE 10 - END-OF-SEASON GOODS AND SECONDS

10.1 SECONDS and end-of-season close-outs of LACOSTE WATCHES (LACOSTE WATCHES no longer included in the collection of the LACOSTE WATCHES) may be sold with the LICENSED TRADEMARKS by the MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS exclusively through the normal channels of distribution for the LACOSTE WATCHES, outlet stores operated by MASTER LICENSEE, its SUB-LICENSEES or its affiliates and off-price customers that are approved in advance by LICENSOR (which approval shall not be unreasonably withheld, delayed or conditioned). LICENSOR agrees that the off-price customers listed on Schedule XV attached hereto are approved off-price customers as of

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the date of this MASTER AGREEMENT for sales of SECONDS and end-of-season close-outs of LACOSTE WATCHES..

- 10.2 Damaged or defective LACOSTE WATCHES which cannot be repaired may in no circumstances be sold in any manner whatsoever, and shall be destroyed at their expense by the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS.

#### ARTICLE 11 - UNFAIR COMPETITION

In consideration of the rights hereby granted to the MASTER LICENSEE under this MASTER AGREEMENT, the MASTER LICENSEE undertakes :

- 11.1 not to reproduce, manufacture, distribute or sell during the term of this MASTER AGREEMENT for its own account or for the account of third parties, directly or indirectly, any product identical with or confusingly similar to the LACOSTE WATCHES or likely to create confusion in the mind of the public, or having certain characteristics unique to any MODEL of the LACOSTE WATCHES, such undertaking to remain in full force and effect for five (5) years after the DATE OF TERMINATION of this MASTER AGREEMENT; and

- 11.2 to never manufacture, distribute or sell for its own account or for the account of third parties, directly or indirectly, any product bearing a name, trademark or emblem confusingly similar to the LACOSTE TRADEMARKS, or likely to be confused with the LACOSTE TRADEMARKS. This prohibition is permanent.

#### ARTICLE 12 - LICENSED TRADEMARKS USE

- 12.1 The LICENSOR shall supply the MASTER LICENSEE with the list of the LICENSED TRADEMARKS country by country and shall inform the MASTER LICENSEE of any modification of such list. The LICENSOR undertakes that in each country of the TERRITORY at least one (1) representation of the Crocodile and one (1) word-mark including the name "Lacoste" are available for use by the MASTER LICENSEE. To the knowledge of the LICENSOR, as of the date of this AGREEMENT, no claim has been asserted in writing against the LICENSOR or any licensee of LICENSOR alleging that the use of the LICENSED TRADEMARKS by the LICENSOR or by

any such licensee infringes the intellectual property rights of any third party.

12.2 The LICENSED TRADEMARKS shall be affixed on the LACOSTE WATCHES and the MASTER LICENSEE shall describe the ownership and right to use the LICENSED TRADEMARKS only in such form and manner as may be approved from time to time by the LICENSOR. The LACOSTE WATCHES shall bear no other name or mark or wording which may or would in the normal course of event lead third parties to believe that the LICENSED TRADEMARKS are owned by any person, firm or corporation other than the LICENSOR.

Any additional mark or wording required by the laws and regulations in force in certain of the countries of the TERRITORY shall have to be submitted to the prior written approval of the LICENSOR, which will have the right to decide of their size or placement whenever possible.

12.3 No representation of the LICENSED TRADEMARKS or combinations thereof shall be put in use by the MASTER LICENSEE without the prior written approval of the LICENSOR.

12.4 The MASTER LICENSEE acknowledges that the representation of the LICENSED TRADEMARKS has a significant effect upon the public's perception and understanding of the LACOSTE TRADEMARKS IMAGE, and that changes in such representation need to be few and carefully planned. If the LICENSOR desires to change the form or manner of use of any LICENSED TRADEMARKS from that previously approved by it, such change shall either take effect after (and as soon as) the MASTER LICENSEE's components and elements using such LICENSED TRADEMARKS as previously approved are used up, or shall take effect at once if the LICENSOR agrees to hold the MASTER LICENSEE harmless against actual losses incurred by the MASTER LICENSEE as a result of such change. The LICENSOR shall give notice to the MASTER LICENSEE of any such change six (6) months at least before its implementation.

12.5 The MASTER LICENSEE undertakes to never use any pictorial representation of an alligator, crocodile, lizard- or saurian-like reptile on or in connection with products other than the LACOSTE WATCHES.

12.6 The MASTER LICENSEE undertakes to use any word relating to an alligator, crocodile, lizard or saurian-like



reptile only on or in connection with the LACOSTE WATCHES, or in connection with the description of materials/components of other products manufactured or distributed by the MASTER LICENSEE.

12.7 The MASTER LICENSEE shall always respect good trade practices in the manner and use of the LICENSED TRADEMARKS and adhere to such reasonable opinion as may be provided from time to time by the LICENSOR's trademark counsels for such use.

12.8 In order to maintain adequate protection for the LICENSED TRADEMARKS and notwithstanding the exclusivity of the rights granted to the MASTER LICENSEE, the LICENSOR shall retain the right to sell, directly or indirectly, if the MASTER LICENSEE for any reason is not able to do so itself, appropriate quantities of LACOSTE WATCHES within certain parts of the TERRITORY, provided that the LICENSOR shall first provide the MASTER LICENSEE the opportunity to make any such sales. The LICENSOR shall keep the MASTER LICENSEE informed of any such sales, and shall make all reasonable efforts to coordinate its actions in this regard with those of the MASTER LICENSEE.

#### ARTICLE 13 - PACKAGING AND CASES

13.1 The packaging, cases, etc. for the LACOSTE WATCHES shall be created and developed in the same conditions as the LACOSTE WATCHES themselves, as provided in Article 4.3.2 hereinabove. The mock-ups and designs for the packaging, cases, etc. shall be submitted by the MASTER LICENSEE to the LICENSOR under the same conditions as those provided for the LACOSTE WATCHES themselves in Article 4.3.3 hereinabove.

13.2 The MASTER LICENSEE undertakes to never use neither such packaging, cases, etc., nor any part thereof, for any purpose other than in connection with the LACOSTE WATCHES.

13.3 Any packaging, case, etc., bearing or representing the LICENSED TRADEMARKS to be used in connection with the LACOSTE WATCHES shall be purchased exclusively by the MASTER LICENSEE from SUPPLIERS. Appropriate SUPPLY AGREEMENTS shall be entered into in writing between the MASTER LICENSEE and such SUPPLIERS.

The molds, prints, tools and computer data bearing or representing the LICENSED TRADEMARKS or allowing their reproduction shall remain at all times the property of the MASTER LICENSEE, shall be handled carefully and protected in order to avoid theft or any unauthorized use of such. The molds, prints, tools and computer data shall be returned to the MASTER LICENSEE at the end of each of the SUPPLY AGREEMENTS.

13.4 The MASTER LICENSEE shall keep detailed accounts showing the flow of the packaging, cases, etc. bearing or representing the LICENSED TRADEMARKS.

13.5 At regular intervals, the MASTER LICENSEE shall, as instructed by the LICENSOR, destroy at its own expense all defective packaging, cases, etc. in its possession, and shall inform the LICENSOR of such destruction.

#### ARTICLE 14 - LACOSTE TRADEMARKS AND MODELS

14.1 The MASTER LICENSEE undertakes not to use the LACOSTE TRADEMARKS or the MODELS otherwise than within the scope and the limits of this MASTER AGREEMENT and for the sale of the LACOSTE WATCHES.

14.2 The MASTER LICENSEE hereby acknowledges that the LICENSOR is the sole owner, worldwide, of the LACOSTE TRADEMARKS and the MODELS.

14.3 The MASTER LICENSEE undertakes to strictly respect the LICENSOR's intellectual property rights.

Consequently, the MASTER LICENSEE :

14.3.1 shall not apply for registration of any of the LACOSTE TRADEMARKS nor for the registration of any trademark confusingly similar to, or resembling the LACOSTE TRADEMARKS anywhere in the world, nor shall it assist any party other than the LICENSOR to do so except with the prior written consent of the LICENSOR, such prohibitions applying to each and every kind of goods or services in any class of the International Classification of Goods and Services; and

14.3.2 undertakes to facilitate during the term of this MASTER AGREEMENT all applications for the registration of trademarks which the LICENSOR may apply for at LICENSOR's own expense anywhere in the world to protect the LACOSTE TRADEMARKS in any class or category of a national or international classification, it being hereby expressly acknowledged by the MASTER LICENSEE that any such trademark or any other right thus obtained shall be the exclusive property of the LICENSOR; and

14.3.3 shall, during the term of this MASTER AGREEMENT, uphold and assist the LICENSOR in maintaining, at the LICENSOR's exclusive expense, adequate trademark registration of the LICENSED TRADEMARKS within the TERRITORY; and

14.3.4 shall not apply for the registration of any of the MODELS nor for the registration of any model confusingly similar to the MODELS anywhere in the world, nor shall it assist any party other than the LICENSOR to do so, except jointly with the LICENSOR; and

14.3.5 shall be vigilant in watching for any infringement of the LICENSOR's rights in the LACOSTE TRADEMARKS or the MODELS, and shall consequently promptly notify the LICENSOR after becoming aware of the same of any act that may constitute a counterfeit, an usurpation or an imitation of the LICENSED TRADEMARKS or the MODELS, as well as of any act of unfair competition. The LICENSOR alone shall be responsible for taking action against infringers but the MASTER LICENSEE shall assist the LICENSOR in every possible way, and shall ensure that its SUB-LICENSEES, its DISTRIBUTORS, its SUB-CONTRACTORS and the SUPPLIERS assist it also in every possible way.

The expenses of the proceedings incident to or contemplated by this Article 14.3.5 relating to the LACOSTE WATCHES as well as any damages that might be awarded as a result of such action shall be shared equally (subject to the terms of Article 14.4 hereinafter) between the LICENSOR on the one hand and the MASTER LICENSEE and/or, as

the MASTER LICENSEE may decide, its SUB-LICENSEES and DISTRIBUTORS on the other hand. The expenses relating to investigations (i.e. private detectives, enquiry agents, etc.) if previously agreed upon between the LICENSOR and the MASTER LICENSEE and/or its SUB-LICENSEES and DISTRIBUTORS, shall be shared equally (subject to the terms of Article 14.4 hereinafter) in the same manner; and

14.3.6 shall defend at its own costs and expenses any action for unfair competition, passing-off, copyright, patent or design infringement, including advertising or other related cause of action arising out of its use of the LICENSED TRADEMARKS or the MODELS, and shall give prompt notice in writing to the LICENSOR of any such action. The LICENSOR shall always have the right to participate in such an action at its sole discretion. In this event the expenses of the proceedings as well as any damage arising from such action shall be shared equally. In any event, the LICENSOR shall provide its assistance to the MASTER LICENSEE in such defense; and

14.3.7 shall in no circumstances, and whatever may have been the duration of this MASTER AGREEMENT or the reason for its termination or non-renewal, be entitled to any claim to the ownership of the LACOSTE TRADEMARKS, or, after the DATE OF TERMINATION, of the MODELS.

14.4 If, in any given year, the share of the expenses to be paid by the MASTER LICENSEE according to the terms of Article 14.3.5 hereinabove exceeds \* of NET SALES during such year, the MASTER LICENSEE shall have the right to limit its share of such expenses to an amount equal to \* of NET SALES in such year. If the MASTER LICENSEE makes such election, it shall so notify LICENSOR and then the LICENSOR may terminate this AGREEMENT as provided in Article 20.4 hereinafter.

14.5 In no circumstances, the LICENSOR may be held liable by the MASTER LICENSEE for any loss the MASTER LICENSEE may suffer due to acts of counterfeiting, imitation, usurpation or unfair competition committed by third parties.

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14.6 Notwithstanding the foregoing, either party shall have the right to prosecute by law any third party for unfair competition according to its own interest and at its own expense.

14.7 The MASTER LICENSEE shall use all appropriate efforts to ensure that the LACOSTE WATCHES do not infringe third parties intellectual property rights in the field of copyright, models, designs and patents.

#### ARTICLE 15 - CONFIDENTIALITY

15.1 The LICENSOR and the MASTER LICENSEE recognize that the information (including the STYLING KNOW-HOW, the MARKETING AND MERCHANDISING KNOW-HOW the PROMOTION AND ADVERTISING KNOW-HOW and the WATCHES KNOW-HOW) they have so far received and shall receive in the future, related directly or indirectly to this MASTER AGREEMENT (a) shall remain the exclusive property of the party which has provided it, (b) shall be kept strictly confidential by both parties, (c) shall only be used within the scope and during the term of this MASTER AGREEMENT by the party which has not provided it, while the party which has provided it may use it freely, either during the entire term of this MASTER AGREEMENT (subject to the terms of Articles 2 and 11 hereinabove) as well as after its expiration or termination for whatever reason, and (d) shall not be revealed to third parties by the party which has not provided it without having obtained the prior written agreement of the party which has provided such information. The information which is already fully in the public domain, received from third parties which are not required to keep it confidential or which one of the parties is required to reveal by virtue of legal or regulatory requirements, shall not be covered by this Article 15.1.

15.2 However, and as an exception to the provisions of Article 15.1 hereinabove, the LICENSOR may disclose to its other licensees and distributors the confidential marketing and communication information received from the MASTER LICENSEE and use such information in the context of its agreements with its other licensees and distributors, to the extent that a) such confidential information offers a direct interest for the development of the "Lacoste" activity of said licensees and

distributors and b) does not relate to manufacturing or production costs of the MASTER LICENSEE for the LACOSTE WATCHES.

15.3 The LICENSOR and the MASTER LICENSEE undertake to have third parties (such as advertising agencies, marketing research offices, etc.) to whom they may have recourse sign commitments according to which they shall undertake to never reveal to any party the confidential information of any nature whatsoever which shall have been given to them by the LICENSOR or the MASTER LICENSEE in the framework of the services required or which they shall have learned by chance, as well as to never use for the benefit of third parties or to transmit to said third parties the creations or studies carried out for the benefit of the LICENSOR or the MASTER LICENSEE, except with the prior written approval of the LICENSOR and of the MASTER LICENSEE.

15.4 The provisions contained in this Article 15 shall remain in force even after the termination or non-renewal of this MASTER AGREEMENT for a period of ten (10) years after said termination or non-renewal.

#### ARTICLE 16 - COMPENSATION

16.1 For and in consideration of the rights and licenses granted or to be granted to it herein, the MASTER LICENSEE shall pay :

16.1.1 to LACOSTE when relating to LACOSTE WATCHES sold in the countries listed in Schedule IV.a; and

16.1.2 to SPL when relating to LACOSTE WATCHES sold in the countries listed in Schedule IV.b; and

16.1.3 to LCA when relating to LACOSTE WATCHES sold in the countries listed in Schedule IV.c

as a royalty such sum or sums as shall, after deduction therefrom of all taxes and charges applicable thereto, amount to \* of the NET SALES of LACOSTE WATCHES.

16.2 Whenever the LICENSOR can obtain tax credits or other credits of any nature for the taxes and charges paid by the MASTER LICENSEE, then LICENSOR shall notify MASTER

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LICENSEE of such credits and the MASTER LICENSEE may deduct such taxes and charges from the corresponding royalty payments.

ARTICLE 17 - REPORTS OF ROYALTIES AND PAYMENTS

17.1 As regards the implementation of Article 16 hereinabove, the MASTER LICENSEE shall, and shall ensure that its SUB-LICENSEES and its DISTRIBUTORS maintain true, accurate and complete records of NET SALES and SALES TO DISTRIBUTORS of each model of each line of LACOSTE WATCHES, and shall provide, and ensure that its SUB-LICENSEES provide, the LICENSOR with true and accurate quarterly statements of such NET SALES and SALES TO DISTRIBUTORS in a form satisfactory to the LICENSOR, no later than two (2) months after the end of each QUARTER, showing separately country by country:

17.1.1 the total number of each model of said LACOSTE WATCHES, sold during each month of the preceding QUARTER as well as the total number of each model of LACOSTE WATCHES returned; and

17.1.2 NET SALES and SALES TO DISTRIBUTORS and the details of their computation from gross and net receipts from the sales of each model of said LACOSTE WATCHES during each month of such QUARTER; and

17.1.3 the amount or amounts due to the LICENSOR under Article 16 hereinabove for each month of such QUARTER.

17.2 Simultaneously to providing such statements, the MASTER LICENSEE shall, or shall ensure that its SUB-LICENSEES pay to the LICENSOR according to the provisions of Article 16.1 hereinabove, at such address as LACOSTE, SPL, OR LCA may designate in writing, the amount or amounts due respectively to LACOSTE, SPL, OR LCA. Any overpayment (by reason of later returns, rebates or discounts actually given) for any one QUARTER may be credited to amounts due for any subsequent QUARTER.

17.3 Interest calculated at the two months EURIBOR rate plus two percent (2%) shall also be due and paid on any amount in arrears up to thirty (30) days and at the two months

EURIBOR rate plus five percent (5%) on any amount in arrears over thirty (30) days.

17.4 All sums due pursuant to this MASTER AGREEMENT are to be paid in Euros, in full amount without any deduction of any kind.

The rate of exchange used for the conversion of any currency into Euros shall be the rate of exchange published by the Wall Street Journal on the first day of the month for which a statement of NET SALES and SALES TO DISTRIBUTORS is being furnished and/or for which payment is being made.

17.5 The MASTER LICENSEE shall, and shall ensure that its SUB-LICENSEES and its DISTRIBUTORS, provide to and permit representatives of the LICENSOR, from time to time upon reasonable request, to examine and audit such records maintained under the terms of Article 17.1 hereinabove at the expense of the LICENSOR. If, as a result of any such audit, it appears that the amounts paid are less than the amounts due by three percent (3%) or more, the MASTER LICENSEE shall bear the cost of the audit, and such difference shall bear interest from the date when it should have been paid to the date on which it is actually paid calculated on the basis of the rules set forth in Article 17.3 hereinabove.

17.6 Within sixty (60) days after the DATE OF TERMINATION and each sixty (60) days thereafter, the MASTER LICENSEE shall, and shall ensure that its SUB-LICENSEES, render to the LICENSOR a statement similar to that required by Article 17.1 hereinabove together with full detail of the disposition, by sale or otherwise, of all the LACOSTE WATCHES including the complete identification of all persons to whom such LACOSTE WATCHES were sold and the number of units and sales price of such products covering the period from the latest date covered by the last preceding statement to the DATE OF TERMINATION or the final disposition of all such LACOSTE WATCHES, whichever is latest.

17.7 Concurrently with the furnishing of such reports, the MASTER LICENSEE shall, or shall ensure that its SUB-LICENSEES, pay to the LICENSOR according to the provisions of Article 16.1 hereinabove, at such address as LACOSTE, SPL, OR LCA may designate in writing, the



amount or amounts due respectively to LACOSTE, SPL, OR LCA, the amount or amounts due by the MASTER LICENSEE.

Any over payment (by reason of late return, rebates or discount actually given) for any one period may be credited to amounts due for any subsequent payment.

ARTICLE 18 - DURATION

18.1 This MASTER AGREEMENT shall enter into force on January 1, 2007.

18.2 This MASTER AGREEMENT shall extend for an initial term terminating on December 31, 2014.

18.3 This MASTER AGREEMENT shall be automatically renewed at the end of such initial term and thereafter for periods of five (5) years, each party having the right however to prevent any initial or subsequent renewal and to thus terminate this MASTER AGREEMENT by giving written notice that this MASTER AGREEMENT shall terminate at the end of its present term or of any renewal period, as the case may be, with such notice to be given by registered mail to the other party with receipt of delivery returned to sender, and such notice to be given at least six (6) months before the expiration of the initial term referred to in Article 18.1, or six (6) months before the expiration of any of the subsequent renewal periods referred to in this Article 18.3.

ARTICLE 19 - SALES MINIMA

19.1 The MASTER LICENSEE undertakes to sell in the TERRITORY taken as a whole quantities of LACOSTE WATCHES representing NET SALES of no less than :

\*

There shall be no sales minimum for the first year of this MASTER AGREEMENT which shall run from January 1, 2007 to December 31, 2007.

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19.2 For the following periods, the LICENSOR and the MASTER LICENSEE shall agree on the new yearly minima to be reached no later than six (6) months before the end of the last period for which a yearly minimum has been fixed. Without prejudice to the right of both the LICENSOR and the MASTER LICENSEE to terminate this MASTER AGREEMENT as provided in Article 20.4 hereinafter, in case no new yearly minima can be agreed upon, the last yearly minimum shall be applied until an agreement is reached.

#### ARTICLE 20 - TERMINATION

20.1 This MASTER AGREEMENT may be terminated by either of the parties, in the event of a material breach of this MASTER AGREEMENT by the other, provided that it has given sixty (60) days written notice of such breach to the other party and that the other party has failed to cure such breach within such period or failed to take action within such period clearly sufficient to remedy said breach without prejudice of any compensation or damages whatsoever.

The provisions of the hereinabove paragraph of this Article 20.1 shall not apply if the minima fixed by Article 19 hereinabove are not reached, which situation shall be ruled by the provisions of Article 20.4 hereinafter.

20.2 This MASTER AGREEMENT may be terminated at any time by either of the parties, upon notice, in the event that the other shall have defaulted under any substantial agreement with any material creditor, or (1) be dissolved; (2) apply for or consent to the appointment of a receiver, trustee or liquidator for its properties or assets; (3) admit in writing its inability to pay its debts as they mature; (4) make a general assignment for the benefit of creditors; (5) file a voluntary petition or be the subject of an involuntary petition in bankruptcy (which is not dismissed within sixty (60) days) or an answer seeking reorganization in arrangement with creditors, or take advantage of any bankruptcy, reorganization, insolvency or readjustment of debt law or statute, or file an answer admitting the material allegations of a petition filed against it in any proceedings under such a law or statute, or take any

action for the purposes of effecting any of the foregoing; or (6) have any order, judgment or decree entered against it without the application, approval or consent of the concerned party, by any court of competent jurisdiction approving a petition seeking reorganization of its properties or assets or the appointment of a receiver, trustee or liquidator for it.

- 20.3 This MASTER AGREEMENT may be terminated by the LICENSOR, in the event that any royalties or other amounts due to the LICENSOR by the MASTER LICENSEE or any one of its SUB-LICENSEES or its DISTRIBUTORS have not been received within sixty (60) days after their due date, provided that it has given thirty (30) days written notice of such event to the MASTER LICENSEE and that the MASTER LICENSEE has failed to pay such amount within such thirty (30) day period without prejudice to any proceedings for forced collection and to damages which may be filed by the LICENSOR.
- 20.4 If the minimum provided for the TERRITORY taken as whole as set forth in Article 19.1 hereinabove has not been reached (whatever the reason may be) for any yearly period, or if the MASTER LICENSEE has elected, under the terms of Article 14.4 hereinabove, to limit its expenses made according to the terms of Article 14.3.5, then, within ninety (90) days after the end of the yearly period in which either such event occurs, this MASTER AGREEMENT may be terminated by the LICENSOR, provided that it has given six (6) months written notice of such event to the MASTER LICENSEE.
- 20.5 This MASTER AGREEMENT may be terminated at any time by the LICENSOR, subject to a six (6) months prior written notice, without any indemnity, damages, or compensation whatsoever to the MASTER LICENSEE or any of its SUB-LICENSEES or DISTRIBUTORS, in the event that any person or group, that, as of the date of this MASTER AGREEMENT, (i) directly or indirectly, beneficially or of record, owns shares or options or other rights to acquires shares representing in the aggregate more than twenty-five per cent (25%) of the total voting power of all classes of securities issued by the MASTER LICENSEE or any of its controlling entities or (ii) that directly or indirectly, whether through the ownership of securities, by contract or otherwise, has the right to appoint at least one-third of the members of the board of directors of the MASTER LICENSEE or any of its controlling entities, every such

person or group for purposes of this Article 20.5 being hereafter referred to as a "CONTROL PERSON") ceases to qualify as a Control Person under this Article 20.5 (i) or (ii). For purposes of this Article 20.5 :(a) the term "group" means two or more persons who agree to act together to acquire, hold, vote or dispose of any equity securities of the MASTER LICENSEE or its controlling entities and (b) the term "any person or group" does not include an entity which, as of the date of this MASTER AGREEMENT, controls, is under common control with or is controlled by MASTER LICENSEE, or any entity controlled by any such entity.

20.6 It is expressly stipulated that the termination or the non-renewal of any of the SUPPLEMENTAL AGREEMENTS shall entail within the same period the termination or non-renewal of the corresponding SUB-LICENSE AGREEMENTS or DISTRIBUTION AGREEMENTS.

#### ARTICLE 21 - PROVISIONS AT TERMINATION OR NON-RENEWAL

21.1 At the DATE OF TERMINATION of this MASTER AGREEMENT whatever the origin (termination, non-renewal) and the reason, as well as in the case of a partial termination pursuant to the application of the dispositions of Article 20.4 hereinabove (but in such case, only for the sub-territory(ies) concerned) :

21.1.1 all rights and licenses granted to the MASTER LICENSEE pursuant to this MASTER AGREEMENT shall terminate immediately and revert to the LICENSOR; and

21.1.2 the ownership of all intellectual property rights which the MASTER LICENSEE may hold at that time solely in connection with the LACOSTE WATCHES, shall immediately be transferred free of charge to the LICENSOR; and

21.1.3 the MASTER LICENSEE shall cease to trade as a "Lacoste" licensee on the DATE OF TERMINATION and to use the STYLING KNOW-HOW, the MARKETING AND MERCHANDISING KNOW-HOW and the PROMOTION AND ADVERTISING KNOW-HOW, and except as otherwise provided in Article 21.1.7 hereinafter the LICENSED TRADEMARKS and the MODELS, and shall not assist any third party to do so; and

- 21.1.4 the MASTER LICENSEE shall proceed at its own expense with all actions necessary to cancel all administrative agreements or inscriptions it may have obtained; and
- 21.1.5 the MASTER LICENSEE shall deliver free of charge to the LICENSOR or to any third party designated by the LICENSOR, all remaining advertising and promotional material, and in general all documents and items bearing or representing the LACOSTE TRADEMARKS (catalogues, technical documents, etc.) emanating from the LICENSOR; and
- 21.1.6 the MASTER LICENSEE shall deliver free of charge to the LICENSOR or to any third party designated by the LICENSOR, all the molds, prints, computer bands or cards and, in general, all tools bearing, representing or used to replicate the LICENSED TRADEMARKS; and
- 21.1.7 the LICENSOR shall have the right, at its sole option, either to repurchase or have any third party it may wish to appoint repurchase, at the MASTER LICENSEE's landed cost minus rebates taking into consideration its age, state and condition, all or part of the inventory of LACOSTE WATCHES which the MASTER LICENSEE may have on hand at the DATE OF TERMINATION. If less than all of MASTER LICENSEE's inventory of LACOSTE WATCHES is purchased, MASTER LICENSEE shall have the right to sell its remaining inventory for up to six (6) months thereafter, on the condition that such sales are exclusively made to the APPROVED WATCHES RETAILERS or the members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM in quantities not exceeding those normally sold to said APPROVED WATCHES RETAILERS and members of the "LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM during the previous year and provided the MASTER LICENSEE pays the LICENSOR the royalties stipulated in Articles 16 and 17 hereinabove.

Unless prohibited by applicable law, e.g., in the United States of America, in no event, shall the MASTER LICENSEE apply, starting from the date of

notification to the other party of the termination or non-renewal of this MASTER AGREEMENT, a price policy which could prejudice the LACOSTE TRADEMARKS IMAGE.

At the end of such six (6) month period, the MASTER LICENSEE, unless otherwise agreed upon with the LICENSOR, shall destroy any remaining inventory of the LACOSTE WATCHES MASTER LICENSEE may have on hand at that time (excluding any such inventory in the stock of any retail stores owned by MASTER LICENSEE or any of its affiliates), without having any right to any indemnification from the LICENSOR.

21.2 Moreover, it is hereby agreed that, regardless of the duration of this MASTER AGREEMENT :

21.2.1 the termination of this MASTER AGREEMENT shall automatically entail at the end of a six (6) month period, and

21.2.2 the non-renewal of this MASTER AGREEMENT shall automatically entail immediately :

at the LICENSOR's sole option, (i) the termination, or (ii) the assignment of the commercial agreements which the MASTER LICENSEE, its SUB-LICENSEES or its DISTRIBUTORS may have entered into with the APPROVED WATCHES RETAILERS to a new licensee for the LACOSTE WATCHES as soon as such new licensee will have been chosen and approved by the LICENSOR and/or to the LICENSOR. The MASTER LICENSEE, its SUB-LICENSEES and its DISTRIBUTORS shall include appropriate terms to this effect in the agreements they shall enter into with the APPROVED WATCHES RETAILERS. The MASTER LICENSEE agrees that the LICENSOR shall not bear nor share, either with the MASTER LICENSEE, or with its SUB-LICENSEES or DISTRIBUTORS any liability for any claim that the APPROVED WATCHES RETAILERS may present to the MASTER LICENSEE in view of the termination or the non-renewal of such commercial agreements, and the LICENSOR shall not be liable for any indemnities, damages or money whatsoever in this regard.

The termination or non-renewal of this MASTER AGREEMENT shall also entail, at the LICENSOR's sole option, with the same timing as provided in Articles 21.2.1 and 21.2.2

hereinabove, (i) the termination, or (ii) the assignment to a new licensee for the LACOSTE WATCHES as soon as such new licensee will have been chosen and approved by the LICENSOR and/or to the LICENSOR, of the agreements entered into between the MASTER LICENSEE and the SUB-LICENSEES, the DISTRIBUTORS, the SUB-CONTRACTORS and the SUPPLIERS, provided that bona fide orders placed with them be honored by the party having issued such. The MASTER LICENSEE shall include appropriate terms to this effect in the agreements it shall enter into with the SUB-LICENSEES, the DISTRIBUTORS, the SUB-CONTRACTORS and the SUPPLIERS. The MASTER LICENSEE agrees that the LICENSOR shall not share with the MASTER LICENSEE any liability for any claim that the SUB-LICENSEES, the DISTRIBUTORS, the SUB-CONTRACTORS and the SUPPLIERS may present to the MASTER LICENSEE in view of the termination or the non-renewal of such agreements, and the LICENSOR shall not be liable for any indemnities, damages or money whatsoever in this regard.

- 21.3 In case of termination or non-renewal of this MASTER AGREEMENT, the MASTER LICENSEE undertakes to maintain the warranty provided by the terms of Article 7.1.5 hereinabove for a two (2) year period starting from the DATE OF TERMINATION, unless a new licensee for the LACOSTE WATCHES is chosen by the LICENSOR, in which case such new licensee shall assume the burden of such warranty.

The MASTER LICENSEE shall keep the necessary inventory of parts so as to be able to maintain such warranty, and shall transfer at its cost price this inventory to the new licensee for the LACOSTE WATCHES of the LICENSOR.

- 21.4 The MASTER LICENSEE, given the specific conditions prevailing in the profession, shall not object in any way whatsoever, during the period of notice preceding the termination or non-renewal of this MASTER AGREEMENT, to any visits to its clients and taking of orders for the following season that may be carried out by the successor chosen by the LICENSOR.
- 21.5 The MASTER LICENSEE acknowledges and agrees that it is entering into this MASTER AGREEMENT on the express understanding that its receipt from sales of LACOSTE WATCHES under this MASTER AGREEMENT are intended to be sufficient to compensate it fully for all risks, costs and expenses incurred in connection with this MASTER

AGREEMENT regardless of its duration, including, i.e., all costs and expenses incurred by the MASTER LICENSEE for its sales, marketing, merchandising, advertising and promotion efforts to create what is commonly known as "goodwill" for the LACOSTE TRADEMARKS and the MODELS.

21.6 Accordingly, upon termination or non-renewal in whole or in part of this MASTER AGREEMENT and regardless of its duration, for whatever reason (except by reason of termination by MASTER LICENSEE as the result of LICENSOR's material breach of this MASTER AGREEMENT), the MASTER LICENSEE shall have no right to, and shall not claim from the LICENSOR, any further payment, indemnity, damages or compensation whatsoever for the transfer of its ownership rights in the MODELS, for loss of goodwill or for any risks, costs or expenses incurred or developed by the MASTER LICENSEE during the term of this MASTER AGREEMENT or in connection with this MASTER AGREEMENT.

#### ARTICLE 22 - ASSIGNMENT

This MASTER AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective authorized successors and assignees under the provisions of this MASTER AGREEMENT.

It is expressly understood and agreed that this MASTER AGREEMENT or any interest therein or rights or obligations thereunder shall not be in part or as a whole directly or indirectly sold, assigned, pledged or otherwise encumbered or transferred in any manner whatsoever (including without limitation by operation of law or otherwise) by the MASTER LICENSEE without the prior written consent of the LICENSOR.

The MASTER LICENSEE is also prohibited from assigning, selling, pledging or otherwise encumbering to any third party in the same conditions as hereinabove whether in part or as a whole any of the rights hereby granted to it, be it in a given part of the TERRITORY save as expressly provided for in the present MASTER AGREEMENT and, among other, under the provision of Articles 2.2, 2.3, 5.2 and 5.3 hereinabove, provided however, that the foregoing shall not apply to an assignment by operation of law that does not result in a right on the part of Licensor to terminate this MASTER AGREEMENT under Article 20.5 hereinabove.



ARTICLE 23 - FORCE MAJEURE

23.1 The parties shall not be liable for any damages or loss of any kind, arising from any delay or failure to perform (partially or totally) the obligations provided for in this MASTER AGREEMENT caused by an event of force majeure, without there being however fault or negligence of the parties which rely thereon. Moreover, a reason for exoneration of responsibility under this Article 23.1 excludes thereby the possible right of the other party to terminate or cancel this MASTER AGREEMENT due to the corresponding non-performance.

For the purposes of this MASTER AGREEMENT, an event of force majeure is any event or cause which presents an unpredictable, irresistible character and is not within the will of the parties and which has for effect, directly or indirectly, to prevent or to render impossible the performance of an obligation set forth in this MASTER AGREEMENT (i.e., for the purposes of this MASTER AGREEMENT, and without limitation, any war, insurrection, strike, serious economic crisis, national restriction in transfer of royalties,...).

After the occurrence of an event of force majeure, the party concerned shall promptly send notice by letter, telex or fax, informing the other party of all the details of such event.

In all cases, the party who relies thereon shall take all useful and necessary measures to assure as rapidly as possible the normal resumption of the performance of this MASTER AGREEMENT.

23.2 If the circumstances go beyond six (6) months and once the continuation of the MASTER AGREEMENT appears to be possible upon adaptation, the parties shall co-ordinate to modify in good faith and in equity the necessary amendments.

23.3 If these negotiations do not produce results in a period of one (1) month, the MASTER AGREEMENT shall be readapted by a third party designated by the Centre international d'expertise de la Chambre de Commerce Internationale.

23.4 If the continuation of the MASTER AGREEMENT does not appear to be possible even upon adapting this MASTER AGREEMENT, the parties shall negotiate in good faith the

provisions permitting the termination of this MASTER AGREEMENT.

ARTICLE 24 - MISCELLANEOUS

24.1 The MASTER LICENSEE and the LICENSOR shall, each at its own expense, execute any documents required to comply with the laws and requirements of the respective countries with respect to declaring, recording or otherwise rendering this MASTER AGREEMENT effective.

24.2 Any notices, demands, requests, consents, approvals or other communications, faxes or telexes, hand delivery notices, given or made, or required to be given or made to a party under this MASTER AGREEMENT shall be deemed effective on the earlier of the date of actual personal delivery or deposit, air mail, postage prepaid, in the registered mail of the country of origin, sent to :

24.2.1 for the LICENSOR :

Monsieur Michel LACOSTE, President Directeur General of LACOSTE, with a copy to SPL and LCA; and

24.2.2 for the MASTER LICENSEE :

Mr. Kurt BURKI, President of MGI LUXURY GROUP, S.A., with a copy to General Counsel, MOVADO GROUP, INC., 650 From Road, Paramus, NJ 07652, USA.

to the addresses hereinabove set forth for such party. Any change of address shall be accomplished only by providing written notice to the other party to this MASTER AGREEMENT.

24.3 No rights of any party arising out of this MASTER AGREEMENT, or any provision hereof, shall be waived except in writing. Failure by either party to exercise or enforce, in any one or more instances, any of the terms or conditions of this MASTER AGREEMENT shall not constitute or be deemed a waiver of that party's right thereafter to enforce the terms and conditions of this MASTER AGREEMENT.

- 24.4 This MASTER AGREEMENT and the Schedules hereto constitute the entire understanding of the parties with respect to the subject matter hereof, and supersede all prior undertakings, both written and oral, between the LICENSOR and the MASTER LICENSEE with respect to the subject matter hereof. The rights, obligations, and interests of any party as they may pertain herein may not otherwise be changed, modified or amended except by the written agreement of the party to be charged.
- 24.5 If at any time any party hereto shall deem or be advised that any further assignments, licenses, assurances in law or other acts or instruments, including lawful oaths, are necessary or desirable to vest in it the rights provided for herein, the parties hereto agree to do all acts and execute all documents as may reasonably be necessary or proper for that purpose or otherwise to carry out the intent of this MASTER AGREEMENT.
- 24.6 The rights and obligations of the parties hereto under this MASTER AGREEMENT shall be subject to all applicable laws, orders, regulations, directions, restrictions and limitations of the Government having jurisdiction on the parties hereto.
- 24.7 In the event, however, that any such law, order, regulation, direction, restriction or limitation, or construction thereof, shall substantially alter the relationship between the parties under this MASTER AGREEMENT or the advantages derived from such relationship, or shall prevent the performance of any provision of this MASTER AGREEMENT, the adversely affected party may request the other party hereto to modify this MASTER AGREEMENT, and if within ninety (90) days subsequent to the making of such request, the parties hereto are unable to agree upon a mutually satisfactory modification hereof, then the adversely affected party may terminate this MASTER AGREEMENT by giving thirty (30) days notice not later than thirty (30) days following the end of such ninety (90) day period.
- 24.8 Notwithstanding, anything contained herein to the contrary no third party other than a party hereto is intended to or shall have any legal or equitable right, remedy or claim under this MASTER AGREEMENT or any part thereof, as against any party to this MASTER AGREEMENT, it being understood that the provisions of this MASTER AGREEMENT are for the sole benefit of the parties hereto

and no other party shall be or be deemed a third party beneficiary of this MASTER AGREEMENT.

24.9 This MASTER AGREEMENT shall be binding upon the parties, their successors, and their assigns to the extent consistent with the provisions of Article 22 hereinabove.

24.10 This MASTER AGREEMENT may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

24.11 Paragraph headings of this MASTER AGREEMENT are for convenience only and shall not be construed as a part of this MASTER AGREEMENT or as a limitation on the scope of any terms or provisions of this MASTER AGREEMENT.

#### ARTICLE 25 - INDEMNIFICATION-INSURANCE

##### 25.1 Indemnification

25.1.1 The MASTER LICENSEE confirms that, on its behalf and on behalf of the SUB-LICENSEES, DISTRIBUTORS, SUB-CONTRACTORS and SUPPLIERS, it shall be solely responsible for the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES on or in connection with which the LICENSED TRADEMARKS and the MODELS are used and for the making of all representations, warranties and disclaimers used in the marketing and sale of the LACOSTE WATCHES.

25.1.2 The MASTER LICENSEE shall accordingly both defend the LICENSOR against all claims, actions, suits or proceedings and indemnify and hold the LICENSOR harmless from any and all resulting losses, liabilities, costs (including any and all related legal fees and expenses incurred by the LICENSOR) and damages (including punitive and exemplary damages) arising out of or in any way connected with tort liability arising from its retail activity or with the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale or defective performance of the LACOSTE

WATCHES on or in connection with which the LICENSED TRADEMARKS and/or the MODELS are used.

Such indemnification shall include, but not be limited to, losses, liabilities, costs and/or damages alleged to be based upon (i) intentional or negligent conduct, (ii) strict liability, (iii) breach of warranty, (iv) misrepresentation, (v) Intellectual Property rights infringement (excluding any claim based upon the LICENSED TRADEMARKS), (vi) breach of contract or (vii) any other theory of liability pursuant to which damages and/or injunctive relief is sought against the LICENSOR as the result of the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of the LACOSTE WATCHES.

25.1.3 Each party shall give prompt written notice to the other of any such claim, action, suit or proceeding which may be brought against them.

## 25.2 Product Liability

25.2.1 The MASTER LICENSEE shall have a general liability policy including products liability coverage, at its exclusive expense, on its behalf and name as additional insureds, when primary coverage is not available for SUB-LICENSEES, DISTRIBUTORS, SUB-CONTRACTORS and SUPPLIERS at its own expense, maintain in full force and effect for the full term of this MASTER AGREEMENT and for the two (2) year period following the DATE OF TERMINATION, general world-wide general liability including product liability and umbrella insurance policies (which shall explicitly cover the U.S.A. and Canada), including the LACOSTE WATCHES issued by a carrier with an AM Best rating of at least A-VII, and having coverage in a minimum amount of five millions US dollars (US\$ 5'000'000) in the aggregate and standard terms for the US market (hereinafter the "INSURANCE POLICY").

25.2.2 The INSURANCE POLICY shall be for the benefit of the MASTER LICENSEE itself, its SUB-LICENSEES, DISTRIBUTORS, SUB-CONTRACTORS and SUPPLIERS and of the APPROVED WATCHES RETAILERS, members of the

"LACOSTE BOUTIQUES AND LACOSTE CORNERS" SELECTIVE DISTRIBUTION SYSTEM and of the LICENSOR itself. The INSURANCE POLICY shall provide coverage for bodily injury or property damage arising out of actual or alleged defects in goods or products manufactured, sold, handled, distributed or disposed of by MASTER LICENSEE occurring away from the MASTER LICENSEE'S premises and after physical possession has been relinquished to others.

25.2.3 The INSURANCE POLICY shall provide for at least ten (10) working days prior written notice to the LICENSOR and the MASTER LICENSEE in the event of cancellation or substantial modification of the policy.

25.2.4 The MASTER LICENSEE shall, once a year, supply a certificate of insurance as evidence to the LICENSOR of the maintenance of the INSURANCE POLICIES.

25.2.5 The MASTER LICENSEE and the LICENSOR hereby agree that, notwithstanding the termination or non-renewal of this MASTER AGREEMENT, this Article 25 shall survive and continue in full force for two(2) years after the DATE OF TERMINATION.

#### ARTICLE 26 - CAPACITY OF THE PARTIES

26.1 It is expressly agreed that, within the framework of this MASTER AGREEMENT, the MASTER LICENSEE manufactures, purchases and resells the LACOSTE WATCHES for its own account and acts as an independent trader both with respect to the LICENSOR and with respect to the SUB-LICENSEES, the DISTRIBUTORS, the SUB-CONTRACTORS, the SUPPLIERS and its customers. Consequently, under no circumstances shall it enter into any agreement or take any action purporting to obligate the LICENSOR to third parties.

26.2 Nothing in this MASTER AGREEMENT shall be construed to render either party liable for any debts or obligations of the other party and the parties shall in no way be considered agents or representatives of each other. Neither party shall have the authority to act for or bind the other.

ARTICLE 27 - GOVERNING LAW

This MASTER AGREEMENT shall be governed by and construed in accordance with the laws of France.

ARTICLE 28 - ARBITRATION

- 28.1 All disputes arising out of or in connection with this MASTER AGREEMENT shall finally be settled by arbitration under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules.
- 28.2 Notwithstanding the provision of Article 28.1 hereinabove the parties may submit their dispute to the Pre-arbitral Referee Procedure of the International Chamber of Commerce and they will be bound by the provision of the said Procedure.
- 28.3 Any such arbitration proceedings shall take place in Paris (France), and shall be conducted in the English language.
- 28.4 Each party shall be bound by, and agrees to perform in accordance with, any award resulting from the arbitration proceedings (or pre-arbitral proceedings, as the case may be) described above. Such award, when issued, shall be final and non-appealable, and judgment upon the award may be entered in any Court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this MASTER AGREEMENT to be executed by their duly authorized officers at Paris (France), on March 23, 2006, at Geneva (Switzerland), on March 24, 2006, and at Bienne (Switzerland), on March 27, 2006,

LACOSTE S.A.

SPORLOISIRS S.A.

/s/ Michel Lacoste

/s/ M. Lacoste /s/ D. Vollenweider

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Michel LACOSTE

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M. LACOSTE D. VOLLENWEIDER

LACOSTE ALLIGATOR S.A.

MGI LUXURY GROUP, S.A.

/s/ M. Lacoste

/s/ D. Vollenweider

/s/ K. Burki

/s/ R. Cote

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M. LACOSTE

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D. VOLLENWEIDER

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K. BURKI

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R. COTE



SCHEDULE I

THE LACOSTE TRADEMARKS

[LOGO]

[LOGO]

SCHEDULE II

THE CROCODILE

[LOGO]

SCHEDULE III

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 LIST OF THE LACOSTE TRADEMARKS

LACOSTE TRADEMARKS OWNED BY LACOSTE SA (LACOSTE) IN CLASS 14 OF INTERNATIONAL  
 CLASSIFICATION OF GOODS AND SERVICES LISTED BY COUNTRY

COUNTRY	LACOSTE TRADEMARK	TRADEMARK APPLICATION NUMBER AND DATE OF APPLICATION	REGISTRATION NUMBER AND DATE OF REGISTRATION	EXPIRING DATE
ALBANIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
ALGERIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
ARMENIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
AUSTRALIA	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		A439794	Jan 29 2007
AUSTRIA	LACOSTE Word		R437000 April 25 1998	April 25 2008

AUSTRIA	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		R437001	April 25 2008
AZERBAIDJAN	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
BAHRAIN	[LOGO]		10847	August 28 2006
BANGLADESH	[LOGO]	33734 Nov 3 1991	33734 Nov 3 1991	Nov 3 2013
BELARUS	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
BELIZE	LACOSTE Word		891.02 August 29 2002	August 29 2012
	[LOGO]	890.02 August 29 2002	890.02 August 29 2002	August 29 2012
BENELUX	D-LACOSTE		R437000 April 25 1998	April 25 2008
	[LOGO]		R437001	April 25 2008
BENIN	[LOGO]		36042	Feb 28 2016
BHUTAN	LACOSTE Word		R437000 April 25 1998	April 25 2008

BHUTAN	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	BT/M/97/0064		Jan 1 2007
BOSNIA HERZEGOVINA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
BRUNEI DARUSSALAM	[LOGO]		16569	Feb 8 2007
BULGARIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
BURKINA FASO	[LOGO]		36042	Feb 28 2016
CAMBODIA	LACOSTE Word	June 06 1992	790 May 30 2002	June 06 2012
	[LOGO]	4652 June 28 1994	3076 May 17 2004	June 28 2014
CAMEROON	[LOGO]		36042	Feb 28 2016
CAYMAN ISLANDS	[LOGO]	1259081 Jan 02 2003	1259081 Jan 02 2003	Jan 28 2007
CENTRAL AFRICAN REPUBLIC	[LOGO]		36042	Feb 28 2016

CHAD	[LOGO]		36042	Feb 28 2016
CHINA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	970000001 Jan 2 1997	274888	Jan 9 2007
COMOROS	LACOSTE Word	857417 May 22 1987	1410063 May 22 1987	May 21 2007
	[LOGO]	023199970 Dec 18 2002	023199970 Dec 18 2002	Dec 18 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]	857418 May 22 1987	1410064 May 22 1987	May 21 2007
	[LOGO]	835637 Jan 28 1987	1391442 Jan 28 1987	Jan 27 2007
CONGO	[LOGO]		36042	Feb 28 2016
CROATIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
CYPRUS	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		26966	Jan 29 2007

CZECH REPUBLIC	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
DENMARK	LACOSTE Word	002979524 Dec 17 2002		April 25 2008
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Jan 1 2012
	[LOGO]		2996/1986	Dec 17 2012
DJIBOUTI	LACOSTE Word	184/03/RADM May 25 2003	AJ VOL 106 F degrees132 n degrees1 May 28 2003	June 2 2009
	[LOGO]	185/03/RA May 25 2003	AJ VOL 106 F degrees132 n degrees1596 May 28 2003	May 25 2013
EGYPT	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
EQUATORIAL GUINEA	[LOGO]		R437001	April 25 2008
	[LOGO]		36042	Feb 28 2016
ESTONIA	LACOSTE Word		15886 May 19 2005	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012

ESTONIA	[LOGO]	Feb 10 2005	15721 May 19 2005	May 19 2015
FIJI	[LOGO]		30931 Dec 9 2000	Dec 9 2014
FINLAND	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		99546	Sep 21 2007
FRANCE	LACOSTE Word	857417 May 22 1987	1410063 May 22 1987	May 21 2007
	[LOGO]	023199970 Dec 18 2002	023199970 Dec 18 2002	Dec 18 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]	857418 May 22 1987	1410064 May 22 1987	May 21 2007
	[LOGO]	835637 Jan 28 1987	1391442 Jan 28 1987	Jan 27 2007
GABON	[LOGO]		36042	Feb 28 2016
GEORGIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	Jan 13 2005	454 Jan 13 2005	Jan 13 2015
GERMANY	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012



GERMANY	[LOGO]		R437001	April 25 2008
GIBRALTAR	[LOGO]		5927	Jan 28 2007
GREECE	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]	April 8 2006	82293 April 8 2006	April 8 2016
GUERNSEY	[LOGO]		1259081	Jan 28 2007
GUINEA	[LOGO]		36042	Feb 28 2016
GUINEA-BISSAU	[LOGO]		36042	Feb 28 2016
HONG KONG	[LOGO]	19912443 Nov 3 1986	19912443 Nov 3 1986	Nov 3 2007
HUNGARY	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		R437001	April 25 2008
ICELAND	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		231/1992 Feb 20 2002	Feb 20 2012

INDIA	LACOSTE Word	1373629 July 25 2005		Jan 1 2005
	[LOGO]		449343 Feb 6 2000	Feb 6 2007
INDONESIA	LACOSTE Word		366061 August 30 1996	Oct 6 2005 Renewal pending
	[LOGO]	March 24 1996	366062	Oct 6 2005 Renewal pending
IRAN	[LOGO]		68062 Nov 17 2001	Nov 17 2011
IRELAND	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		119597	Jan 27 2007
ISRAEL	[LOGO]		62704	Feb 4 2007
ITALY	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		R437001	April 25 2008
IVORY COAST	[LOGO]		36042	Feb 28 2016
JAPAN	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		1624795 Oct 27 2003	Oct 27 2013

JERSEY	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		5486	Jan 28 2007
JORDAN	[LOGO]		23824	March 22 2007
KAZAKHSTAN	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
KENYA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		39379 Dec 4 1998	Dec 3 2012
	[LOGO]		R437001	April 25 2008
KOREA (NORTH)	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
KOREA (SOUTH)	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013

KOREA (SOUTH)	[LOGO]	1997-664 Jan 22 1997	140146	April 21 2007
	[LOGO]	2000-8290 Sept 26 2000	217935 Nov 25 2000	August 1 2011
KUWAIT	[LOGO]	July 19 1996	18010 July 19 1996	July 18 2006
KYRGYZ REPUBLIC	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
LAOS	LACOSTE Word	9054 Jan 15 2002	240 Jan 19 2002	Jan 18 2012
	[LOGO]	13873 Dec 28 2005		Feb 28 2016
	[LOGO]	July 1 2004	2837 July 1 2004	July 1 2014
LATVIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]	M-92-2876 Dec 14 1992	M10489 Dec 14 1992	Dec 14 2012
LEBANON	[LOGO]	96010771921	86228 Feb 11 2001	Feb 11 2016
LESOTHO	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013

LIBERIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
LIBYAN ARAB JAMAHIRIYA	[LOGO]	Pending		
LIECHTENSTEIN	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
LITHUANIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	RL/3849 Feb 4 1993	8192 July 12 1995	Feb 4 2013
MACAO	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]	11288-M Nov 27 1991	11288-M August 10 2003	August 10 2010
	LACOSTE Word		R437000 April 25 1998	April 25 2008
MACEDONIA	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
	LACOSTE Word	C. Notive Dec 31 2003	C. Notive Dec 31 2003	Dec 31 2006

MALDIVES	[LOGO]	C. Notive Dec 31 2003	C. Notive Dec 31 2003	Dec 31 2006
MADAGASCAR	[LOGO]	990376 Sept 29 1999	03569 April 13 2001	Sept 28 2009
MALAYSIA	[LOGO]		86/00637	Feb 19 2007
MALI	[LOGO]		36042	Feb 28 2016
MALTA	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		17230 April 14 2000	April 14 2014
MAURITANIA	[LOGO]		36042	Feb 28 2016
MAURITIUS	[LOGO]		A/27F56N110	June 6 2007
MOLDOVA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
MONACO	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008

MONGOLIA	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
MOROCCO	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
MOZAMBIQUE	[LOGO]		R437001	April 25 2008
	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	2560/99 Nov 12 1999	2560/99 Oct 9 2002	Nov 12 2009
MYANMAR	[LOGO]		R437001	April 25 2008
	LACOSTE Word		10012/2005 Dec 26 2005	Dec 26 2008
	[LOGO]		10013/2005 Dec 26 2005	Dec 26 2008
NAMIBIA	[LOGO]		1242/2001 Mars 20 2001	March 20 2004 Renewal pending
	[LOGO]			Jan 27 2006 Renewal pending
NEW ZEALAND	[LOGO]	Jan 29 1993	B163449	Jan 28 2007
NIGER	[LOGO]		36042	Feb 28 2016

NIGERIA	[LOGO]	48076 Jan 31 1986		Janv 1 2007
NORWAY	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		127464	Dec 18 2006
OMAN	[LOGO]	15040 Jan 12 1997	15040 March 3 2002	Jan 12 2007
PAKISTAN	[LOGO]		89158	Feb 2 2008
PHILIPPINES	LACOSTE Word	Jan 27 2005	0034012 Jan 31 2005	Jan 31 2015
	[LOGO]	43242 Nov 21 1980	64239 April 2 1997	April 2 2017
POLAND	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]	March 30 2004	91435 May 31 2004	May 31 2014
PORTUGAL	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		R437001	April 25 2008
QATAR	[LOGO]	Feb 12 2006	5298 Feb 12 2006	Feb 12 2016



ROMANIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
RUSSIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
SAN MARINO	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
SAUDI ARABIA	[LOGO]	15095 Nov 25 1991	259/51 June 1 1992	April 14 2011
SENEGAL	[LOGO]		36042	Feb 28 2016
SERBIA MONTENEGRO	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
SEYCHELLES	[LOGO]		2649	Sep 5 2007
SIERRA LEONE	LACOSTE Word		R437000 April 25 1998	April 25 2008

SIERRA LEONE	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
SINGAPORE	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	S/524/86 Feb 3 2003	T86/00524H Feb 3 2003	Feb 3 2013
SLOVAKIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		R437001	April 25 2008
SLOVENIA	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		R437001	April 25 2008
SOUTH AFRICA	[LOGO]	Jan 27 2006	86/0489 Jan 27 2006	Jan 27 2016
SPAIN	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012

SPAIN	[LOGO]		R437001	April 25 2008
SRI LANKA	[LOGO]	March 19 2006	51013 March 19 2006	March 19 2016
SUDAN	D-LACOSTE		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
SWAZILAND	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
SWEDEN	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		206394	July 3 2007
SWITZERLAND	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
SYRIA	[LOGO]	101570 July 14 1997	18359	Oct 13 2007
TAIWAN	LACOSTE Word	June 18 1996	341287	March 30 2006
	[LOGO]		341288	March 30 2006 Renewal pending

TADJIKISTAN	D-LACOSTE		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
THAILAND	LACOSTE Word	Jan 17 2006	42027 Feb 19 2006	Feb 19 2016
	[LOGO]	Jan 17 2006	42028 Feb 19 2006	Feb 19 2016
TOGO	[LOGO]		36042	
TUNISIA	LACOSTE Word	EE98.0608	EE98.0608	April 25 2013
	[LOGO]	EE98.0607	EE98.0607	April 25 2013
TURKEY	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		132198 Feb 10 1992	Feb 10 2012
TURKIS FS CUPRUS	[LOGO]		3544 June 3 2001	June 3 2015
TURKMENISTAN	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
UKRAINE	LACOSTE Word		R437000 April 25 1998	April 25 2008

UKRAINE	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
UNITED ARAB EMIRATES	[LOGO]	July 20 1993	1225 July 20 1993	Janv 1 2013
	LACOSTE Word	002979524 Dec 17 2002		Jan 1 2012
UNITED KINGDOM	[LOGO]	002979581 Dec 17 2002	002979581 May 26 2004	Dec 17 2012
	[LOGO]		1259081	Jan 28 2007
	LACOSTE Word		R437000 April 25 1998	April 25 2008
UZBEKISTAN	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
	LACOSTE Word		R437000 April 25 1998	April 25 2008
VIETNAM	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
	[LOGO]		R437001	April 25 2008
COUNTRY	Lacoste Trademark	Trademark Application number and Date of application	Registration number and Date of registration	Expiring Date
ZAMBIE	LACOSTE Word		R437000 April 25 1998	April 25 2008
	[LOGO]	808033 May 6 2003	808033 May 6 2003	May 6 2013
ZIMBABWE	[LOGO]		1051/91 Nov 6 2001	Nov 6 2011

LACOSTE TRADEMARKS OWNED BY SPORLOISIRS SA (SPL) IN CLASS 14 OF INTERNATIONAL  
CLASSIFICATION OF GOODS AND SERVICES LISTED BY COUNTRY

REGISTRATION  
NUMBER  
LACOSTE  
TRADEMARK  
APPLICATION  
NUMBER AND  
AND DATE OF  
COUNTRY  
TRADEMARK  
DATE OF  
APPLICATION  
REGISTRATION  
EXPIRING  
DATE 12670  
ARUBA  
LACOSTE  
Word Nov 17  
2005 Jan 1  
2006 Dec 31  
2015 [LOGO]  
70831 12693  
Dec 12 2015  
2320  
ANGUILLA  
[LOGO]  
March 25  
2006 August  
25 2006  
March 25  
2016  
R437000C  
ANTIGUA &  
BARBUDA  
LACOSTE  
Word April  
25 1998  
April 25  
2008 3362  
[LOGO] May  
19 1992 May  
19 1992 May  
19 2006  
8080033  
8080033C  
[LOGO] May  
6 2003 May  
6 2003 May  
6 2013  
2393047  
1907177  
ARGENTINA  
LACOSTE  
Word Oct 3  
2002 Dec 10  
2002 Dec 10  
2012  
2435642  
1945717  
[LOGO] June  
5 2003  
August 14  
2003 August  
14 2013  
[LOGO] 4741  
307841 Sept  
18 2010  
12963 ARUBA  
[LOGO] Oct  
19 1995 Jan  
1 2006 Dec  
31 2015  
15121 15121  
BAHAMAS  
[LOGO] Feb  
7 2006 Feb

7 2006 Feb  
7 2020  
BERMUDES  
[LOGO] Jan  
13 1999  
21676 March  
12 2013

BOLIVIA	[LOGO]	2380 Oct 30 1995	75080-C Sept 29 1999	Sept 29 2009
BRAZIL	[LOGO]	030274 July 19 2001	200024680 Oct 13 2001	Oct 13 2011
BRITISH VIRGIN ISLANDS	[LOGO]	June 3 1992	2535	June 3 2006
CHILE	[LOGO]	573527 July 9 2002	672794 Sept 24 2002	Sept 24 2012
COLOMBIA	[LOGO]	92353095 June 18 2004	165122 August 26 2004	August 26 2014
COSTA RICA	[LOGO]		85262 Dec 20 1993	Dec 20 2013
DOMINICA	[LOGO]	41/92 August 31 1992	43/92	August 31 2006
ECUADOR	[LOGO]	39936 March 7 2003	2089 March 16 2003	March 16 2013
EL SALVADOR	[LOGO]	May 11 1992	40 B, 31 May 6 1995	May 6 2006
GUATEMALA	[LOGO]	000858-92 Feb 11 1992	69564	Oct 14 2003
HONDURAS	[LOGO]	April 10 1992	56657 Dec 18 1992	Dec 18 2012
MEXICO	LACOSTE Word	March 13 2006	319541 March 13 2006	March 13 2006
	[LOGO]	March 13 2006	318885 March 13 2006	March 13 2016
MONTSERRAT	[LOGO]	1559 Feb 26 1992	1559	Feb 26 2006
NETHERLANDS ANTILLES	LACOSTE Word	D-1028 April 17 2001	01123 April 17 2001	Oct 19 2019



NETHERLANDS ANTILLES	[LOGO]	D-1027 April 17 2001	01122 April 17 2001	Sept 19 2019
NICARAGUA	[LOGO]	1920-024860 Nov 27 2003	24860 Jan 21 1994	Jan 20 2004
PANAMA	LACOSTE Word		29558 August 6 2002	August 6 2012
	[LOGO]		29561 August 6 2002	August 6 2012
PARAGUAY	LACOSTE Word	1379 Feb 3 1993	211172 Feb 11 1999	Feb 11 2009
	[LOGO]	1378 Feb 3 1993	211171 Feb 11 1999	Feb 11 2009
	[LOGO]	20332 Oct 8 1997	207248 Sept 25 1998	Sept 25 2008
PERU	[LOGO]	195173 Dec 20 1991	96970 April 30 1992	April 30 2012
ST KITTS AND NEVIS	[LOGO]		3660 March 16 1992	March 16 2006
ST LUCIA	[LOGO]	March 16 1992	51/1992 July 27 1992	March 16 2006
ST VINCENT AND THE GRENADINES	LACOSTE Word	268/2005 Nov 29 2005	Pending	
	[LOGO]	269/2005 Nov 29 2005	Pending	
SWITZERLAND	LACOSTE Word		349014 March 11 2006	March 11 2016
	[LOGO]		307841 Sept 18 2000	Sept 18 2010
	[LOGO]	4739	349013	March 11 2016

TURKS & CAICOS ISLANDS	[LOGO]	11313	11313	Jan 4 2010
URUGUAY	LACOSTE Word	335442 Nov 20 2001	242090 Nov 20 2001	Nov 20 2011
	[LOGO]	250718 Jan 13 1992	340798 May 8 1992	May 8 2012
VENEZUELA	[LOGO]	26694 Dec 19 1991	F-172645 Nov 1 1994	Nov 1 2014

LACOSTE TRADEMARKS OWNED BY LACOSTE ALIGATOR SA (LCA) IN CLASS 14 OF INTERNATIONAL CLASSIFICATION OF GOODS AND SERVICES LISTED BY COUNTRY

COUNTRY	LACOSTE TRADEMARK	TRADEMARK APPLICATION NUMBER AND DATE OF APPLICATION	REGISTRATION NUMBER	EXPIRING DATE
BARBADOS	[LOGO]	3075 Jan 1 1996	81/10680	Jan 1 2010
CANADA	[LOGO]	696568 Jan 9 1992	470734	Feb 11 2012
	Lacoste Word	696581 Jan 9 1992	470735	Feb 11 2012
CUBA	[LOGO]	1839 Nov 13 1996	125915	Nov 18 2006
DOMINICAN REPUBLIC	[LOGO]	99129732 Feb 1 1996	82922	April 15 2016
HAITI	[LOGO]	1513-Q Dec 13 1995	199 REG 114	Jan 20 2008
JAMAICA	[LOGO]	14/306 Dec 27 1995	28469	Dec 27 2012
TRINIDA & TOBAGO	[LOGO]	29944 Jan 11 1996	29944	Jan 11 2006
USA	[LOGO]	74/238224 Jan 16 1992	2247880	May 25 2009
	Lacoste Word	74/238223 Jan 16 1992	1947111	Jan 9 2016

## SCHEDULE IV

### IV.A - COUNTRIES IN WHICH THE LACOSTE TRADEMARKS BELONG TO LACOSTE

Afghanistan, Albania, Algeria, Andorra, Angola, Armenia, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belarus, Belgium, Benin, Bhutan, Bosnia & Herzegovina, Botswana, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, China, Comoros, Congo, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Denmark, Djibouti, Egypt, Equatorial Guinea, Eritrea, Estonia, Ethiopia, Federated States of Micronesia, Fiji, Finland, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Guinea, Guinea-Bissau, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Japan, Jordan, Kazakhstan, Kenya, Kiribati, Kuwait, Kyrgyz Republic, Lao People's Democratic Republic, Latvia, Lebanon, Lesotho, Liberia, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Marshall Islands, Mauritania, Mauritius, Monaco, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Netherlands, New Zealand, Niger, Nigeria, Northern Mariana Islands, Norway, Oman, Pakistan, Palau, Papua New Guinea, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Rwanda, Solomon Islands, Samoa, Sao Tome & Principe, San Marino, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Slovak Republic, Slovenia, Somalia, South Africa, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Switzerland, Syria, Tajikistan, Thailand, The former Yugoslav Republic of Macedonia, Togo, Tonga, Tunisia, Turkey, Turkmenistan, Tuvalu, Uganda, Ukraine, United Arab Emirates, United Kingdom, United Republic of Tanzania, Uzbekistan, Vanuatu, Vatican City, Viet Nam, Yemen, Yugoslavia, Zaire, Zambia, Zimbabwe.

### IV.B - COUNTRIES IN WHICH THE LACOSTE TRADEMARKS BELONG TO SPL

Antigua & Barbuda, Argentina, Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Uruguay, Venezuela.

IV.C - COUNTRIES IN WHICH THE LACOSTE TRADEMARKS  
BELONG TO LCA

Barbados, Canada, Cuba, Dominican Republic, Haiti, Jamaica, Mexico, Trinidad &  
Tobago, United States.

SCHEDULE V

THE LACOSTE WATCHES

Watches for men, women, children

Time-keeping devices

Cases for watches and time-keeping devices

Bracelets, straps and components for watches

SCHEDULE VI

THE LACOSTE APPAREL PRODUCTS

a) - Men's clothing - light products

Bathing suits, rugby shirts, short-sleeved polos, long-sleeved polos, sweaters, sweatshirts, tee-shirts, turtle-neck shirts, cut-and-sown long-sleeved shirts, cut-and-sown short-sleeved shirts, various.

b) - Men's clothing - heavy products

Bermudas, windbreakers, parkas, jackets, shorts, trousers, trainings and trousers for trainings, in knit or in woven fabric.

c) - Women's clothing

Bathing suits, rugby shirts, short-sleeved polos, long-sleeved polos, sweaters, sweatshirts, tee-shirts, turtle-neck shirts, cut-and-sown long-sleeved shirts, cut-and-sown short-sleeved shirts, various.

Bermudas, windbreakers, parkas, jackets, skirts, dresses, shorts, trousers, trainings and trousers for trainings, in knit or in woven fabric.

d) - Children's clothing

Bathing suits, rugby shirts, short-sleeved polos, long-sleeved polos, sweaters, sweatshirts, tee-shirts, turtle-neck shirts, cut-and-sown long-sleeved shirts, cut-and-sown short-sleeved shirts, various.

Bermudas, windbreakers, parkas, jackets, skirts, dresses, shorts, trousers, trainings and trousers for trainings, in knit or in woven fabric.

e) - Other clothing

Socks, wrist- and headbands, hats, caps, other headgear, gloves, scarves, ties, underwear.

SCHEDULE VII

THE OTHER LACOSTE PRODUCTS

Toiletries

Leisure and sports bags

Leathergoods products

Shoes

Terry towels, bath towels, bath robes

Household linen

Umbrellas

Belts

Sunglasses and frames for optical glasses

Any other product other than LACOSTE APPAREL PRODUCTS and LACOSTE WATCHES which the LICENSOR may develop in the future



SCHEDULE VIII

VIII.A - LIST OF THE COUNTRIES CONSTITUTING EUROPE, AFRICA AND THE MIDDLE-EAST

Afghanistan, Albania, Algeria, Andorra, Angola, Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, Benin, Bosnia & Herzegovina, Botswana, Bulgaria, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Croatia, Cyprus, Czech Republic, Democratic Republic of Congo, Denmark, Djibouti, Egypt, Equatorial Guinea, Eritrea, Estonia, Ethiopia, Finland, Former Yugoslav Republic of Macedonia, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Guinea, Guinea-Bissau, Hungary, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyz Republic, Latvia, Lesotho, Liberia, Libya, Liechtenstein, Lithuania Luxembourg, Madagascar, Malawi, Mali, Malta, Mauritania, Mauritius, Monaco, Morocco, Mozambique, Namibia, Netherlands, Niger, Nigeria, Norway, Oman, Poland, Portugal, Qatar, Republic of Moldova, Rumania, Russian Federation, Rwanda, San Marino, Sao Tome & Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Slovak Republic, Slovenia, Somalia, South-Africa, Spain, Sudan, Sweden, Switzerland, Syria, Tajikistan, Tanzania, Togo, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Arab Emirates, United Kingdom, Uzbekistan, Vatican City, Yemen, Yugoslavia, Zambia, Zimbabwe

VIII.B - LIST OF THE COUNTRIES CONSTITUTING THE FAR-EAST

Australia, Bangladesh, Brunei Darussalam, Butan, Cambodia, Democratic People's Republic of Korea, Democratic People's Republic of Lao, Federated States of Micronesia, Fiji, India, Indonesia, Japan, Kiribati, Malaysia, Maldives, Marshall Islands, Mongolia, Myanmar, Nauru, Nepal, New-Zealand, North Marianne Islands, Pakistan, Palau, Papua-New Guinea, People's Republic of China, Philippines, Samoa, Singapore, Solomon Islands, South-Korea, Sri Lanka, Taiwan, Thailand, Tonga, Tuvalu, Vanuatu, Vietnam

VIII.C - LIST OF THE COUNTRIES CONSTITUTING NORTH AMERICA

Antigua & Barbuda, Aruba, Bahamas, Barbados, Canada, Costa Rica, Cuba, Curacao, Dominica, Dominican Republic, Grenada,

Haiti, Jamaica, Mexico, St Kitts and Nevis, St Lucia, St Vincent and the  
Grenadines, Trinidad & Tobago, United States of America

VIII.D - LIST OF THE COUNTRIES CONSTITUTING CENTRAL AMERICA AND SOUTH AMERICA

Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador,  
Guatemala, Guyana, Honduras, Nicaragua, Panama, Paraguay, Peru, Suriname,  
Uruguay, Venezuela

SCHEDULE IX

POINTS-OF-SALE

IX.A - APPROVED WATCHES RETAILERS

Specialized Watch Shops

Specialized Watch Corners of Department Stores

Sport Shops

Sport Corners of Department Stores

Duty-free Shops

Other retailers fulfilling the requirements of the LACOSTE  
WATCHES SELECTIVE DISTRIBUTION SYSTEM

IX.B - Members of the "LACOSTE BOUTIQUES AND LACOSTE  
CORNERS" SELECTIVE DISTRIBUTION SYSTEM

SCHEDULE X

SUPPLEMENTAL AGREEMENT

LACOSTE WATCHES SUPPLEMENTAL AGREEMENT

By and between:

LACOSTE S.A., (or Sporloisirs S.A. or Lacoste Alligator S.A. as the case may be) a [COUNTRY (NAME OF THE COUNTRY FROM WHERE THE COMPANY ORIGINATES)]corporation organised and existing under the laws of [COUNTRY] whose registered office and principal place of business is located at [ADDRESS], represented by its [TITLE], [NAME OF SIGNATORY].

hereinafter referred to as the "LICENSOR",

And:

MGI LUXURY GROUP S.A., a Swiss corporation organised and existing under the laws of Switzerland whose registered office is located at 35 rue de Nidau, CH-2501, Bienne (Switzerland) , represented by xxx.

hereinafter referred to as "MASTER LICENSEE",

And:

[NAME OF THE COMPANY], a [COUNTRY (NAME OF THE COUNTRY FROM WHERE THE COMPANY ORIGINATES)] corporation organised and existing under the laws of [COUNTRY] whose registered office and principal place of business is located at [ADDRESS], represented by its [TITLE], [NAME OF SIGNATORY].

hereinafter referred to as the "DISTRIBUTOR".

WITNESSETH:

WHEREAS, the LICENSOR has entered into a License Agreement with MASTER LICENSEE dated [Date], 2006 (hereunder referred to as the "MASTER AGREEMENT"), granting to MASTER LICENSEE worldwide the exclusive rights to use the LICENSED TRADEMARKS (as such term is hereinafter defined), the MODELS (as such term is hereinafter defined)and the KNOW-HOW (as such term is hereinafter defined) in connection with the creation, development, manufacture, advertising, distribution, marketing, merchandising, promotion, and sale of the LACOSTE WATCHES (as such term is hereinafter defined); and

WHEREAS, under the terms of the MASTER AGREEMENT, MASTER LICENSEE is entitled to sub-license the rights granted to it with respect to the marketing, merchandising, promotion, advertising, distribution and sale of the LACOSTE WATCHES to distributors of its choice subject in such event:

- - to the approval by the LICENSOR of the selected distributors proposed by MASTER LICENSEE; and
- - to the signing of a distribution sub-license agreement between MASTER LICENSEE and the distributors including the main provisions relating to the protection of the LICENSOR's Intellectual Property Rights and of the LACOSTE TRADEMARKS IMAGE (as such term is hereinafter defined) as well as, in addition to the rights and obligations which MASTER LICENSEE wishes to sub-license, also all obligations MASTER LICENSEE would otherwise have had to fulfil with respect to the rights sub-licensed to the distributors and that the distributors shall undertake to personally carry out; and

WHEREAS, in such event, MASTER LICENSEE shall enter with the LICENSOR, owner of the LACOSTE TRADEMARKS, and the distributors into SUPPLEMENTAL AGREEMENTS defining on a country by country basis in addition to the list of the LICENSED TRADEMARKS authorised to be used by the concerned distributor also all obligations relating to the protection of the LICENSED TRADEMARKS; and

WHEREAS, MASTER LICENSEE has decided to appoint DISTRIBUTOR as its distributor and grant it certain rights in connection with the marketing, merchandising, promotion, advertising, distribution and sale of the LACOSTE WATCHES in the TERRITORY (as such term is hereinafter defined) and has entered into the appropriate sub-license agreement (hereinafter referred to as the "DISTRIBUTION AGREEMENT") with the DISTRIBUTOR; and

WHEREAS, the LICENSOR has created and developed over a period of many years a well known and distinctive line of sports and leisure apparel for men, women, and children (hereinafter referred to as the "LACOSTE APPAREL PRODUCTS") as well as other lines of products such as toiletries, sunglasses and frames for optical glasses, sport and leisure bags, leathersgoods products, shoes, terry towels, bath towels, bath robes, household linen, umbrellas, belts and any other products which the LICENSOR may develop in the future (hereinafter referred to as the "OTHER LACOSTE PRODUCTS") it being specified that the OTHER LACOSTE PRODUCTS include neither the LACOSTE APPAREL PRODUCTS nor the LACOSTE WATCHES; and

WHEREAS, the LICENSOR has also contributed to the creation and the development of a line of watches and time-keeping devices (the "LACOSTE WATCHES", as such term is hereinafter defined); and

WHEREAS, the LACOSTE WATCHES, the LACOSTE APPAREL PRODUCTS and OTHER LACOSTE PRODUCTS, which are characterised by an emblem trademark consisting of the pictorial representation of an alligator or a crocodile (hereinafter referred to as the "CROCODILE"), are renowned and sold worldwide under the trade names of "Lacoste", "La Chemise Lacoste", "Chemise Lacoste" recalling the name of Rene Lacoste the famous tennis champion who invented the original shirt, and the "CROCODILE" recalling his nickname on the tennis courts; and

WHEREAS, each of the models making up the lines of LACOSTE WATCHES and of the said OTHER LACOSTE PRODUCTS together with their specifications are the sole property of the LICENSOR which, in addition, has duly registered the LACOSTE TRADEMARKS in the relevant classes of products in the TERRITORY; and

WHEREAS, in order to protect its rights, the LICENSOR has registered numerous trademarks among which the LICENSED TRADEMARKS throughout the world and more specifically in the TERRITORY in the relevant classes of products and services; and

WHEREAS, the LICENSOR is willing to enter with MASTER LICENSEE and the DISTRIBUTOR into the appropriate supplemental agreement (hereinafter referred to as the "SUPPLEMENTAL AGREEMENT") according to the provisions set forth in the MASTER AGREEMENT referred to above.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

#### ARTICLE 1 - DEFINITIONS

For the purpose of this SUPPLEMENTAL AGREEMENT the terms hereinafter shall have the following meanings:

- 1.1 "APPROVED WATCHES RETAILERS" shall mean the selected points of sale that are approved by LICENSOR and/or MASTER LICENSEE for the retail sale of LACOSTE WATCHES.
- 1.2 "LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM" shall mean the group of APPROVED WATCHES RETAILERS organized by the MASTER LICENSEE in the TERRITORY in accordance with the specific guidelines of the LICENSOR to sell the LACOSTE WATCHES while respecting the specific criteria in the area of client service, merchandising, presentation, advertising, promotion and respect of the LACOSTE TRADEMARKS IMAGE.
- 1.3 "SUPPLEMENTAL AGREEMENT" shall mean the present SUPPLEMENTAL AGREEMENT.
- 1.4 "MODELS" shall mean any and all creations specific to the LACOSTE WATCHES, or part thereof.
- 1.5 "LICENSOR'S KNOW-HOW" shall mean the LICENSOR'S MARKETING AND MERCHANDISING KNOW-HOW and PROMOTION AND ADVERTISING KNOW-HOW for the distribution and advertising of the LACOSTE WATCHES and the LICENSED TRADEMARKS.
- 1.6 "CROCODILE" shall mean the pictorial representation of an alligator or crocodile as depicted in Schedule II of this SUPPLEMENTAL AGREEMENT.
- 1.7 "LACOSTE TRADEMARKS" shall mean any or all the trademarks relating to the name "Lacoste" and/or the CROCODILE belonging to the LICENSOR, representations of the main of which are appended hereto in Schedule I of this SUPPLEMENTAL AGREEMENT.
- 1.8 "LICENSED TRADEMARKS" shall mean those of the LACOSTE TRADEMARKS which representations are reproduced in Schedule III to this SUPPLEMENTAL AGREEMENT.
- 1.9 "LACOSTE TRADEMARKS IMAGE" shall mean the presently existing identification in the principal markets where the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS, and the LACOSTE WATCHES are distributed, between the LACOSTE TRADEMARKS and good taste, authenticity, quality, functionality, modernity, elegance, high-end

sports and leisure, however at competitive quality/price ratios. The LACOSTE TRADEMARKS IMAGE shall be judged in relation to all the elements making up the perception by the consumer of the LACOSTE APPAREL PRODUCTS, the OTHER LACOSTE PRODUCTS, and the LACOSTE Watches as to their style, quality, price, marketing and merchandising, advertising and promotion.

- 1.10 "LACOSTE WATCHES" shall mean the watches and time-keeping devices belonging to class 14 of the Classification Internationale des Produits et des Services (as listed in Schedule IV) as well as any accessory thereto (straps, cases, etc.), packaging and wrapping bearing the LICENSED TRADEMARK manufactured and marketed by the MASTER LICENSEE itself and/or under its control and responsibility under the terms of the MASTER AGREEMENT, or marketed prior to the MASTER AGREEMENT by any previous licensee of LICENSOR.
- 1.11 "TERRITORY" shall mean [COUNTRY SUBJECT OF THE AGREEMENT].
- 1.12 "TERMINATION DATE" shall mean the date on which this SUPPLEMENTAL AGREEMENT shall end or shall not be renewed for whatever reason at the end of any notice period (if any).
- 1.13 The words which appear in the present SUPPLEMENTAL AGREEMENT in bold and which are not defined in this Article shall have the meaning given in the DISTRIBUTION AGREEMENT.

## ARTICLE 2 - RIGHTS GRANTED

The LICENSOR hereby confirms to the DISTRIBUTOR that it is authorised to use, during the life of this SUPPLEMENTAL AGREEMENT and within the limits herein defined of this SUPPLEMENTAL AGREEMENT, the LICENSED TRADEMARKS, and the MODELS in connection with the marketing, merchandising, promotion and advertising, distribution and sale of the LACOSTE WATCHES in the TERRITORY.

## ARTICLE 3 - LICENSED TRADEMARKS' USE

- 3.1 The DISTRIBUTOR undertakes not to use the LICENSED TRADEMARKS and the MODELS otherwise than within the scope and the limits of this SUPPLEMENTAL AGREEMENT and of the DISTRIBUTION AGREEMENT and for the distribution and sale of the LACOSTE WATCHES.
- 3.2 The DISTRIBUTOR undertakes to take all the necessary measures, in the field of its marketing, merchandising, advertising and promotional programmes, to follow the general worldwide policy, prescribed and coordinated by the LICENSOR with respect to the image of the LACOSTE TRADEMARKS, it being understood, however, that DISTRIBUTOR shall have no obligation to incur any expense in this regard except as set forth in the DISTRIBUTION AGREEMENT.
- 3.3 The DISTRIBUTOR shall be entitled to claim the use of the LICENSED TRADEMARKS only in the manner prescribed by the LICENSOR. The LACOSTE WATCHES shall bear no other name or mark or wording which could make third parties believe that the LICENSED TRADEMARKS belong to other entity than the LICENSOR.

Any additional name or mark or wording required by the laws and regulations in force in the TERRITORY shall have to be submitted to MASTER LICENSEE which shall submit the same for the prior written approval of the LICENSOR which will have the right to specify their size and location whenever possible.

- 3.4 No modified reproduction of the LICENSED TRADEMARKS may be used by the DISTRIBUTOR save with the prior written approval of the LICENSOR.
- 3.5 The DISTRIBUTOR undertakes to always respect irreproachable trade and legal practices in the manner and use of the LICENSED TRADEMARKS and adhere to such reasonable opinion as may be provided from time to time by the LICENSOR's intellectual property counsels for such use.
- 3.6 When using the LICENSED TRADEMARKS for the promotion or advertising of the LACOSTE WATCHES and of the image of the LACOSTE TRADEMARKS, the DISTRIBUTOR shall take all necessary steps to ensure in particular that not only the image of the LACOSTE TRADEMARKS but also the personal reputation of Mr Rene LACOSTE and his family are safeguarded and in this scope to use exclusively the designs, lettering, labels and logos created by the LICENSOR.
- 3.7 The DISTRIBUTOR shall not, and shall ensure that its APPROVED WATCHES RETAILERS do not, without the prior written agreement of the LICENSOR (and in such event according to the LICENSOR's prescriptions) register a domain name or create a web site or create an e-mail address including the words Lacoste or the CROCODILE.

Should the DISTRIBUTOR wish to include a section dedicated to the LICENSED TRADEMARKS and/or the LACOSTE WATCHES in its own institutional web site, it shall submit its draft to the MASTER LICENSEE and obtain its prior approval before placing it on line. The same procedure shall apply for the up dating of said web page.

- 3.8 Advertising and/or sale of LACOSTE WATCHES on the Internet and by Mail Order are authorized only by APPROVED WATCHES RETAILERS and LACOSTE BOUTIQUES and LACOSTE CORNERS provided the following conditions are satisfied:
- 3.8.1 the web site or the Mail Order catalogues of the APPROVED WATCHES RETAILERS, the LACOSTE BOUTIQUES and LACOSTE CORNERS where the LACOSTE WATCHES shall be advertised and/or sold shall be approved by MASTER LICENSEE. This approval shall be given if the following conditions are satisfied:
- the name, environment, presentation and overall standing of the web site or the Mail Order catalogues as well as the way it functions shall be compatible with LACOSTE TRADEMARKS IMAGE; and
  - the web site or the Mail Order catalogues shall offer to the consumers a high service quality for the LACOSTE WATCHES; and
  - the manner which the MODELS and the LICENSED TRADEMARKS are presented on the web site or in the Mail Order catalogues in connection with the



advertising and/or the sale of LACOSTE WATCHES shall be previously approved by MASTER LICENSEE. The APPROVED WATCHES RETAILERS, the LACOSTE CORNERS and the LACOSTE BOUTIQUES shall neither include nor use any of the LICENSED TRADEMARKS in the workings (as they exist as of this day or in the future) of the web, and in particular no LICENSED TRADEMARKS may be included or used in a domain name, and URL address or an e-mail address.

#### ARTICLE 4 - PROTECTION OF THE LICENSOR'S INTELLECTUAL PROPERTY RIGHTS

4.1 THE DISTRIBUTOR hereby acknowledges that the LICENSOR is the sole owner in the TERRITORY of the LICENSED TRADEMARKS and of the MODELS.

4.2 The DISTRIBUTOR undertakes to strictly respect the LICENSOR's intellectual property rights.

Consequently, the DISTRIBUTOR:

4.2.1 is prohibited from applying for registration of any of the LACOSTE TRADEMARKS or for the registration of any trademark confusingly similar to or resembling the LACOSTE TRADEMARKS within the TERRITORY or in the rest of the world, nor shall it assist any party other than the LICENSOR to do so unless MASTER LICENSEE shall have obtained the prior written approval from the LICENSOR, such prohibitions applying to each and every kind of goods or services in any class of the International Classification of Goods and Services;

4.2.2 shall not apply for the registration of any of the MODELS nor for the registration of any model confusingly similar to the MODELS within the TERRITORY or in the rest of the world.

The DISTRIBUTOR is prohibited from taking any action before any authority which may have as a consequence, the contesting or seeking the cancellation of any registration of the LICENSED TRADEMARKS or the MODELS.

4.2.3 undertakes to facilitate in the future all applications for the registration of trademarks, models, or patents which the LICENSOR may apply for at Licensor's own expense within the TERRITORY to protect the LACOSTE WATCHES and/or LACOSTE TRADEMARKS or any other creations in any class or category of national classification or International Classifications of Goods and Services, it being hereby expressly recognised by the DISTRIBUTOR that any such trademark, model, patent application or registration or any other right thus obtained shall be the exclusive property of the LICENSOR; and

In addition, the DISTRIBUTOR shall never file any legal or administrative action which may have a consequence or which aim at the withdrawal or cancellation of the LICENSED TRADEMARKS and/or the MODELS; and

4.2.4 shall, during the term of this SUPPLEMENTAL AGREEMENT, uphold and assist the LICENSOR in maintaining, at the LICENSOR's exclusive expense, adequate trademark registration of the LACOSTE TRADEMARKS within the TERRITORY and the MODELS; and

4.2.5 shall be vigilant in watching for any infringement of the LICENSOR's rights in the LACOSTE TRADEMARKS or the MODELS and shall consequently promptly notify the LICENSOR and MASTER LICENSEE after becoming aware of the same or of any act that may constitute a counterfeit, an usurpation or an imitation of the LICENSED TRADEMARKS and the MODELS as well as of any act of unfair competition. The LICENSOR alone shall be responsible, for taking action against infringers but the DISTRIBUTOR shall assist the LICENSOR in every possible way.

The expenses of the proceedings incident to or contemplated by this Article 4.2.5 relating to the LACOSTE WATCHES as well as any damages that might be awarded as a result of such action shall be shared equally between the LICENSOR and the DISTRIBUTOR. The expenses relating to investigations (i.e. private detectives, enquiry agents, etc.) if previously agreed upon between the LICENSOR and the DISTRIBUTOR shall be shared equally in the same manner; and

4.2.6 shall defend at its own costs and expenses any action for unfair competition, passing-off, copyright, patent or design infringement, including advertising or other related cause of action arising out of its use of the LICENSED TRADEMARKS or the MODELS, and shall give prompt notice in writing to the LICENSOR of any such action. The LICENSOR shall always have the right to participate in such an action at its sole discretion. In this event the expenses of the proceedings as well as any damage arising from such action shall be shared equally. In any event, the LICENSOR shall provide its assistance to the MASTER LICENSEE in such defense; and

4.2.7 shall in no circumstances, and whatever may have been the duration of this SUPPLEMENTAL AGREEMENT or the reason for its end, termination or non-renewal, be entitled to any claim to the ownership of the LACOSTE TRADEMARKS or the MODELS.

4.3 Under no circumstances, shall the LICENSOR be held liable by the DISTRIBUTOR for any loss the DISTRIBUTOR may suffer due to acts of counterfeiting, imitation, usurpation or unfair competition committed by third parties.

4.4 Notwithstanding the foregoing, the DISTRIBUTOR shall have the right to prosecute by law any third party for unfair competition according to its own interest and at its own expense.

4.5 Should it be necessary, according to the laws and regulations in force in the TERRITORY, to declare on record this SUPPLEMENTAL

AGREEMENT, the LICENSOR shall take the necessary appropriate steps at the DISTRIBUTOR's costs. The DISTRIBUTOR undertakes to assist the LICENSOR in such steps.

#### ARTICLE 5 - DURATION

- 5.1 This SUPPLEMENTAL AGREEMENT shall enter into force as of the date the DISTRIBUTION AGREEMENT shall enter into force and shall remain in full force and effect for the duration of the DISTRIBUTION AGREEMENT.
- 5.2 Subject to earlier termination as hereinafter mentioned in Article 6, this SUPPLEMENTAL AGREEMENT shall automatically end on the same date the DISTRIBUTION AGREEMENT will end for whatever reason.

#### ARTICLE 6 - TERMINATION

Notwithstanding the provisions of Article 5 above, this SUPPLEMENTAL AGREEMENT may be terminated at any time

- 6.1 By any party:
- 6.1.1 in the event of a material breach of this SUPPLEMENTAL AGREEMENT by any other of the parties, provided that it has given sixty (60) days written notice of such breach to the other party and that the other party has failed to cure such breach within such period or failed to take action within such period clearly sufficient to remedy said breach without prejudice of any compensation or damages whatsoever.
- 6.1.2 forthwith, in the event that any other of the parties shall (1) be dissolved; (2) apply for or consent to the appointment of a receiver, trustee or liquidator for its properties or assets; (3) admit in writing its inability to pay its debts as they mature; (4) make a general assignment for the benefit of creditors; (5) file a voluntary petition or be the subject of an involuntary petition in bankruptcy (which is not dismissed within sixty (60) days) or an answer seeking reorganization in arrangement with creditors, or take advantage of any bankruptcy, reorganization, insolvency or readjustment of debt law or statute, or file an answer admitting the material allegations of a petition filed against it in any proceedings under such a law or statute, or take any action for the purposes of effecting any of the foregoing; or (6) have any order, judgment or decree entered against it without the application, approval or consent of the concerned party, by any court of competent jurisdiction approving a petition seeking reorganization of its properties or assets or the appointment of a receiver, trustee or liquidator for it.

6.2 By the LICENSOR:

6.2.1 Within 15 days of the sending of a registered letter, with notification of receipt, notifying the termination, without giving rise to any damages or compensation whatsoever, in the event of a change in control of the DISTRIBUTOR or if an individual or company directly or indirectly in competition with the activities of THE LICENSOR, including a licensee, a sub-licensee, a distributor, a sub-distributor, an agent or a customer of the LICENSOR should become a shareholder, even a minority shareholder, of the DISTRIBUTOR.

The DISTRIBUTOR then undertakes to inform the LICENSOR and MASTER LICENSEE of the occurrence of any of the events hereinabove described within 8 days thereof.

The LICENSOR nevertheless shall be entitled to postpone its right to terminate this SUPPLEMENTAL AGREEMENT to assess the compatibility of such change with its own commercial conceptions and interest.

If within three months following the receipt of the DISTRIBUTOR's notice of the occurrence of such events, the LICENSOR has not implemented its right to terminate the SUPPLEMENTAL AGREEMENT, it shall continue in force until its normal term subject to the execution of the other provisions contained in this Article 6.

6.2.2 Forthwith, in the event that the DISTRIBUTOR fails to fulfil its obligations with regards to the LACOSTE WATCHES SELECTIVE DISTRIBUTION SYSTEM and notwithstanding the provisions of Article 6.1.1 hereinabove.

This SUPPLEMENTAL AGREEMENT shall be terminated upon the termination or non-renewal of the DISTRIBUTION AGREEMENT within the same period of time.

ARTICLE 7 - PROVISIONS AT TERMINATION

7.1 Upon termination of this SUPPLEMENTAL AGREEMENT for whatever reason:

7.1.1 all rights and licenses granted to the DISTRIBUTOR pursuant to this SUPPLEMENTAL AGREEMENT shall terminate and revert to the LICENSOR; and

7.1.2 subject to any rights DISTRIBUTOR may have under the DISTRIBUTION AGREEMENT to sell off its remaining inventory of LACOSTE WATCHES, the DISTRIBUTOR shall immediately cease to trade as a Lacoste distributor on the TERMINATION DATE, shall cease to use the LICENSOR's KNOW-HOW, the LICENSED TRADEMARKS and the MODELS and shall not assist any third party to do so; and

7.1.3 the DISTRIBUTOR shall cancel at its own expense all government clearances it may have obtained with the appropriate governmental authorities; and

7.1.4 the DISTRIBUTOR shall deliver immediately, at its cost, to the LICENSOR or to any third party designated by the LICENSOR, all remaining advertising and promotional material, and in general all documents and items bearing or representing the LICENSED TRADEMARKS (catalogues, technical documents, etc.) emanating from the LICENSOR.

7.2 The DISTRIBUTOR acknowledges and agrees that it is entering into this SUPPLEMENTAL AGREEMENT on the express understanding that its receipt from sales of LACOSTE WATCHES under the DISTRIBUTION AGREEMENT and this SUPPLEMENTAL AGREEMENT are intended to be sufficient to compensate it fully for all risks, costs and expenses incurred in connection with this SUPPLEMENTAL AGREEMENT, including, i.e., all costs and expenses incurred by the DISTRIBUTOR for its advertising and promotion efforts to create what is commonly known as "goodwill" for the LICENSED TRADEMARKS.

7.3 Accordingly, upon termination of this SUPPLEMENTAL AGREEMENT and regardless its duration, for whatever reason, the DISTRIBUTOR shall have no right to any further payment, indemnity or compensation for loss of goodwill or for any risks, costs or expenses incurred or developed by the DISTRIBUTOR during the term of this SUPPLEMENTAL AGREEMENT.

#### ARTICLE 8 - ASSIGNMENT

This SUPPLEMENTAL AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective authorised successors and assignees under the terms of this SUPPLEMENTAL AGREEMENT.

It is expressly understood and agreed that this SUPPLEMENTAL AGREEMENT or any interest therein shall not be in part or as a whole directly or indirectly sold, assigned, pledged or otherwise encumbered by the DISTRIBUTOR without the written consent of the LICENSOR and MASTER LICENSEE.

The DISTRIBUTOR is also prohibited from assigning, selling, pledging or otherwise encumbering to any third party in the same conditions as hereabove whether in part or as a whole any of the rights hereby granted to it, be it in a given part of the TERRITORY save as expressly provided for in the present SUPPLEMENTAL AGREEMENT.

#### ARTICLE 9 - FORCE MAJEURE

9.1 The parties shall not be liable for any damages or loss of any kind, arising from any delay or failure to perform (partially or totally) the obligations provided for in this SUPPLEMENTAL AGREEMENT caused by an event of force majeure, without there being however fault or negligence of the parties which rely thereon. Moreover, a reason for exoneration of responsibility under this Article 9.1 excludes thereby the possible right of the other party to terminate or cancel this SUPPLEMENTAL AGREEMENT due to the corresponding non-performance.

For the purposes of this SUPPLEMENTAL AGREEMENT, an event of force majeure is any event or cause which presents an unpredictable,

irresistible character and is not within the will of the parties and which has for effect, directly or indirectly, to prevent or to render impossible the performance of an obligation set forth in this SUPPLEMENTAL AGREEMENT (i.e., for the purposes of this SUPPLEMENTAL AGREEMENT, and without limitation, any war, insurrection, strike, serious economic crisis, national restriction in transfer of royalties,...).

After the occurrence of an event of force majeure, the party concerned shall promptly send notice by letter, telex or fax, informing the other party of all the details of such event.

In all cases, the party who relies thereon shall take all useful and necessary measures to assure as rapidly as possible the normal resumption of the performance of this SUPPLEMENTAL AGREEMENT.

- 9.2 If the circumstances go beyond six months and once the continuation of the SUPPLEMENTAL AGREEMENT appears to be possible upon adaptation, the parties shall coordinate to modify in good faith and in equity the necessary amendments.
- 9.3 If these negotiations do not produce results in a period of one month, the SUPPLEMENTAL AGREEMENT shall be readapted by a third party designated by the Centre international d'expertise de la Chambre de Commerce Internationale.
- 9.4 If the continuation of the SUPPLEMENTAL AGREEMENT does not appear to be possible even upon adapting this SUPPLEMENTAL AGREEMENT, the parties shall negotiate in good faith the provisions permitting the termination of this SUPPLEMENTAL AGREEMENT.

#### ARTICLE 10 - CAPACITY OF THE PARTIES

- 10.1 It is expressly agreed that, within the framework of the DISTRIBUTION AGREEMENT and this SUPPLEMENTAL AGREEMENT, the DISTRIBUTOR purchases and resells the LACOSTE WATCHES for its own account and acts as an independent trader with respect to the MASTER LICENSEE, the LICENSOR and with respect to its customers. Consequently, under no circumstances shall it enter into any agreement or take any action purporting to obligate the LICENSOR or the MASTER LICENSEE to third parties, other than as may be specifically provided in other written licenses or agreements entered into by the parties hereto.
- 10.2 Nothing in this SUPPLEMENTAL AGREEMENT shall be construed to render any party liable for any debts or obligations of any other party and the parties shall in no way be considered agents or representatives of each other. No party shall have the authority to act for or bind any other.

#### ARTICLE 11 - CANCELLATION OF PREVIOUS AGREEMENTS

This SUPPLEMENTAL AGREEMENT cancels and replaces any previous verbal and/or written agreements entered into between the MASTER LICENSEE, the LICENSOR and the Distributor.

#### ARTICLE 12 - CONFIDENTIALITY

12.1 The DISTRIBUTOR recognizes that any information (styling, technical, marketing, ...) it has so far received and shall receive in the future, related directly or indirectly to this SUPPLEMENTAL AGREEMENT, to the LICENSED TRADEMARKS, to the MODELS, the KNOW-HOW, the LACOSTE WATCHES, the MASTER LICENSEE and to the LICENSOR are strictly confidential.

Consequently, the DISTRIBUTOR formally undertakes not to use such information other than in the scope of this SUPPLEMENTAL AGREEMENT and to strictly respect the confidential character of such information and to continue so to do indefinitely after its termination or non-renewal.

12.2 On its part, the LICENSOR acknowledges that the information it has received or shall receive concerning directly or indirectly the DISTRIBUTOR is confidential and undertakes not to use it other than within the scope and during the life of this SUPPLEMENTAL AGREEMENT.

#### ARTICLE 13 - LEGAL AND ETHICAL REQUIREMENT

The DISTRIBUTOR shall at its own expense ensure that all local and national laws, rules, regulations and other requirements and codes of practice applicable in the TERRITORY and all policies and ethical and other standards from time to time specified by MASTER LICENSEE in respect of the treatment of any persons involved in the sale of any LACOSTE WATCHES or otherwise in respect of any human rights or other issues are complied with in relation to all activities of the DISTRIBUTOR and/or its authorized suppliers under this SUPPLEMENTAL AGREEMENT.

The DISTRIBUTOR shall observe at all times the relevant provisions of any treaty, law or regulation in relation to the protection of the environment.

The DISTRIBUTOR shall indemnify MASTER LICENSEE and its assignees and successors for any claims, known or unknown, liabilities, demands, damages, cases of action, costs expenses, dues, covenants, suits, indemnities and judgements which any third party shall make arising out of or in connection with Distributor's obligations hereunder or under the Distribution Agreement.

#### ARTICLE 14 - MISCELLANEOUS

14.1 The DISTRIBUTOR shall, at its own expense, in the TERRITORY and the LICENSOR shall, at its own expense, in France (or in Switzerland), execute any documents required to comply with the laws and requirements of the respective countries with respect to declaring, recording or otherwise rendering this SUPPLEMENTAL AGREEMENT effective.

14.2 Any notices, demands, requests, consents, approvals or other communications, faxes or telexes, hand delivery notices, given or made, or required to be given or made to a party under this SUPPLEMENTAL AGREEMENT shall be in writing and deemed effective on the earlier of the date of actual personal delivery or deposit, air mail, postage prepaid, in the registered mail of the country of origin, sent to:

14.2.1 for the LICENSOR:

(If the LICENSOR is LACOSTE S.A.), Monsieur Michel LACOSTE, President Directeur General of LACOSTE S.A.;and

14.2.2 for the DISTRIBUTOR:

-----  
-----  
-----

14.2.3 for the MASTER LICENSEE:

-----  
-----  
-----

to the addresses hereinabove set forth for such party. Any change of address shall be accomplished only by providing written notice to the other party to this SUPPLEMENTAL AGREEMENT.

14.3 No rights of any party arising out of this SUPPLEMENTAL AGREEMENT or any provision hereof, shall be waived except in writing. Failure by either party to exercise or enforce, in any one or more instances, any of the terms or conditions of this SUPPLEMENTAL AGREEMENT shall not constitute or be deemed a waiver of that party's right thereafter to enforce the terms and conditions of this SUPPLEMENTAL AGREEMENT.

14.4 The rights and obligations of the parties hereto under this SUPPLEMENTAL AGREEMENT shall be subject to all applicable laws, orders, regulations, directions, restrictions and limitations of the Government having jurisdiction on the parties hereto.

14.5 In the event, however, that any such law, order, regulation, direction, restriction or limitation, or construction thereof, shall substantially alter the relationship between the parties under this SUPPLEMENTAL AGREEMENT or the advantages derived from such relationship, or shall prevent the performance of any provision of this SUPPLEMENTAL AGREEMENT, the adversely affected party may request the other party hereto to modify this SUPPLEMENTAL AGREEMENT, and if within ninety (90) days subsequent to the making of such request, the parties hereto are unable to agree upon a mutually satisfactory modification hereof, then the adversely affected party may terminate this SUPPLEMENTAL AGREEMENT by giving thirty (30) days notice not later than thirty (30) days following the end of such ninety-day period.

ARTICLE 15 - GOVERNING LAW - JURISDICTION



- 15.1 This SUPPLEMENTAL AGREEMENT shall be governed by and construed in accordance with the laws of France.
- 15.2 All disputes arising out or in connection with this SUPPLEMENTAL AGREEMENT which cannot be amicably settled by consultation, shall be finally settled by arbitration in Paris under the rules of the International Chamber of Commerce by three arbitrators appointed in accordance with said rules. Each party shall be bound by any arbitration award so rendered and any judgment upon such award may be entered as a non-appealable, final judgment in any court having jurisdiction thereon. The proceedings shall be carried out in the English language.

IN WITNESS WHEREOF, the parties hereto have caused this SUPPLEMENTAL AGREEMENT to be executed by their duly authorised officers at Paris (France), on [DATE OF SIGNATURE].

LACOSTE S.A.  
MASTER LICENSEE  
(or Sporloisirs S.A.  
or Lacoste Alligator S.A.  
as the case may be)

[NAME OF SIGNATORY]

[NAME OF SIGNATORY]

[NAME OF THE DISTRIBUTOR'S COMPANY]

[NAME OF SIGNATORY]

SCHEDULE I

THE LACOSTE TRADEMARKS

(LACOSTE LOGO - LARGE CROCODILE)

(LACOSTE LOGO - LACOSTE)

(LACOSTE LOGO - SMALL CROCODILE AND LACOSTE)

SCHEDULE II

THE CROCODILE

(LACOSTE LOGO - LARGE CROCODILE)

SCHEDULE III

-----

THE LICENSED TRADEMARKS

(LACOSTE LOGO)

LACOSTE

SCHEDULE IV

-----

THE LACOSTE WATCHES

Watches for men, women, children

Time-keeping devices

Cases for watches and time-keeping devices

Bracelets, straps and components for watches

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GAR

LACOSTE

WATCHES

SCHEDULE XI

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GENERAL ACCEPTANCE REQUIREMENTS

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February 2006



General Acceptance Requirements  
&  
Confidentiality Agreement

MGI Engineering  
February 2006

## CONTACTS

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## INTRODUCTION

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

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

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

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

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

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

## CONFIDENTIALITY

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

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

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

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February 2006

4 CONFIDENTIALITY AGREEMENT

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

4.1 WITNESSETH

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

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

1. The Corporation, upon receiving the Information from MGI, shall not  
communicate such Information to any third party and shall use its best  
efforts and take all necessary precautions to prevent inadvertent  
disclosures of such Information to any third party.
2. The Corporation shall neither use the Information for its own account nor  
circulate it within its own organization except to the extent necessary for:

- a) Negotiations, discussions and consultations with personnel or authorized representatives of MGI or the Corporation;
- b) Supplying MGI with goods or services at its order;
- c) Preparing bids, estimates and proposals for submission to MGI; and
- d) Any purpose MGI may hereunder authorize in writing

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

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



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

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

MOVADO GROUP, INC.

By : \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

CORPORATION

By: \_\_\_\_\_

Name: -----

Title: -----

GUARANTOR

By: -----

Name: -----

REMARKS

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February 2006

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

GAR UPDATES

GAR UPDATES	-----	REF
COMPONENT ITEM REASON DESCRIPTION OF CHANGE DATE	-----	-----
	MGI Engineering 33 February 2006	
(MOVADO LOGO)	MGI Engineering 34 February 2006	





SCHEDULE XII LACOSTE WATCHES APPROVED RETAILER CONTRACT LACOSTE WATCHES APPROVED RETAILER CONTRACT  
Between: (NAME OF THE COMPANY) having its registered office at \_\_\_\_\_, duly represented  
by Mr \_\_\_\_\_, which is the exclusive distributor of Lacoste Watches (hereinafter  
referred to as the "LACOSTE WATCHES") in (country concerned) (hereinafter referred to as the  
"TERRITORY"). hereinafter referred to as the "DISTRIBUTOR", And: (NAME OF THE COMPANY) having its  
registered office at \_\_\_\_\_, duly represented by Mr \_\_\_\_\_, which runs  
a point of sale situated at (full address) under the trade name \_\_\_\_\_ (hereinafter  
referred to as "the POINT OF SALE"). hereinafter referred to as the "APPROVED RETAILER". WITNESSETH:  
WHEREAS, MGI Luxury Group SA (hereinafter referred to as the "LICENSEE") is the exclusive worldwide  
licensee of the Lacoste Group for the LACOSTE WATCHES and LICENSEE has appointed DISTRIBUTOR as the  
exclusive distributor of the LACOSTE WATCHES in the TERRITORY under the terms of a distributorship  
agreement between LICENSEE and DISTRIBUTOR (hereinafter referred to as the "DISTRIBUTION AGREEMENT").  
WHEREAS, for the reasons stated in the general conditions of distribution of the DISTRIBUTOR  
(hereinafter referred to as the "GENERAL CONDITIONS OF DISTRIBUTION") annexed to the present contract  
(Schedule ...) the LACOSTE WATCHES are distributed through a selective distribution system, that is the  
LACOSTE WATCHES are distributed at the points of sale which satisfy the selection criteria (hereinafter  
referred to as the "SELECTION CRITERIA") defined by the companies Lacoste S.A., Lacoste Alligator S.A.  
and Sporloisirs S.A. (hereinafter collectively referred to as the "LACOSTE GROUP"), which are detailed  
in the GENERAL CONDITIONS OF DISTRIBUTION. WHEREAS, the DISTRIBUTOR has visited and evaluated the POINT  
OF SALE. WHEREAS, further to such evaluation it appears that the POINT OF SALE and the sales staff  
employed by the Approved Retailer at the POINT OF SALE satisfy the SELECTION CRITERIA. WHEREAS,  
consequently, the DISTRIBUTOR may enter into this contract with MGI Engineering 37 February 2006

-2- the APPROVED RETAILER for the distribution of the LACOSTE WATCHES at the aforementioned POINT OF SALE. THE PARTIES HEREBY AGREE AS FOLLOWS: ARTICLE 1 - RIGHTS GRANTED The DISTRIBUTOR hereby grants, and the APPROVED RETAILER hereby accepts for the duration of the present contract (hereinafter referred to as the "CONTRACT"), the non exclusive right to sell the LACOSTE WATCHES at the POINT OF SALE in accordance with the terms and conditions set forth herein. The CONTRACT, its Annexes and the GENERAL CONDITIONS OF DISTRIBUTION in force determine the rights and obligations of the two parties. ARTICLE 2 - MATERIAL CONDITIONS OF CONTRACT The execution and existence of the CONTRACT are subject to the DISTRIBUTOR certifying that the POINT OF SALE of the APPROVED RETAILER and the sales staff of the POINT OF SALE satisfy the SELECTION CRITERIA. ARTICLE 3 - OBLIGATIONS OF THE APPROVED RETAILER 3.1 The APPROVED RETAILER undertakes, for the duration of the CONTRACT, that the POINT OF SALE and the sales staff of the POINT OF SALE satisfy the SELECTION CRITERIA. 3.2 Fittings and Management of the POINT OF SALE 3.2.1 The sales area of the POINT OF SALE shall always permit the presentation of the LACOSTE WATCHES in a sufficient area. The APPROVED RETAILER shall display the LACOSTE WATCHES separately from other brands sold at the POINT OF SALE. The counters, posters and other POS material, which shall be supplied to it by the DISTRIBUTOR, shall be well positioned. The APPROVED RETAILER shall affix prominently on the window of the POINT OF SALE or display inside the POINT OF SALE, a sign or sticker which shall be furnished by the DISTRIBUTOR confirming its quality as APPROVED RETAILER for LACOSTE WATCHES. 3.2.2 All items bearing any trademark owned by the LACOSTE GROUP ("LACOSTE TRADEMARKS") used by the APPROVED RETAILER on its shop front (such as awning, sign, etc...) in the shop window or inside the POINT OF SALE shall be exclusively those supplied by the DISTRIBUTOR or exceptionally those which have received the prior and express written approval of the DISTRIBUTOR. 3.3 Supplies MGI Engineering 2  
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-3- The APPROVED RETAILER shall purchase the LACOSTE WATCHES from the DISTRIBUTOR in accordance with the terms and conditions contained herein and in the GENERAL CONDITIONS OF DISTRIBUTION. Nevertheless, within the European Economic Area (i.e. European Union + Iceland, Liechtenstein, and Norway) the APPROVED RETAILER is also entitled to buy the LACOSTE WATCHES from and sell the LACOSTE WATCHES to (i) any authorized exclusive distributor appointed by and under contract with Licensee for the distribution of the LACOSTE WATCHES and (ii) any other approved retailer approved by and under contract with LICENSEE or a Lacoste watch distributor for the retail sale of the LACOSTE WATCHES located in any of the countries which are part of the European Economic Area, except to or from Lacoste boutiques ("LACOSTE BOUTIQUES") and Lacoste corners ("LACOSTE CORNERS") which are principally devoted to the sale of Lacoste apparel products and only on a subordinate basis other Lacoste products including LACOSTE WATCHES.

Because of their strong specificity, the LACOSTE Boutiques and the LACOSTE CORNERS constitute a selective distribution system which is distinct from the selective distribution system organised for the LACOSTE WATCHES. The APPROVED RETAILER shall ensure before any resale that the buyer is an approved retailer of LACOSTE WATCHES. The APPROVED RETAILER shall keep for a minimum period of twelve (12) months as from the date of purchase and/or sale of the LACOSTE WATCHES, a copy of the invoices corresponding to these purchases and sales permitted under this Article 3.3. The DISTRIBUTOR shall be entitled to inspect and copy these invoices if it reasonably determines that the APPROVED RETAILER may have purchased or sold LACOSTE WATCHES outside the selective distribution system set up for the LACOSTE WATCHES within the

European Economic Area. 3.4 Sales 3.4.1 The price at which the LACOSTE WATCHES will be sold by the DISTRIBUTOR to the APPROVED RETAILER and other sales conditions applicable to the LACOSTE WATCHES will be the one applicable in the TERRITORY at the date the order is received. 3.4.2 The APPROVED RETAILER shall continuously offer for sale an appropriate assortment of the LACOSTE WATCHES. 3.4.3 In addition, the APPROVED RETAILER shall ensure that the LACOSTE WATCHES are only sold in their original presentation and shall respect the recommendations made by the DISTRIBUTOR concerning the merchandising of the LACOSTE WATCHES. 3.4.4 The APPROVED RETAILER shall not sell at its POINT OF SALE other products in immediate proximity to the LACOSTE WATCHES likely to damage or devalue the image of the LACOSTE TRADEMARKS and/or the LACOSTE WATCHES. 3.4.5 Subject to Article 3.3, the APPROVED RETAILER undertakes not to sell the LACOSTE WATCHES other than at the POINT OF SALE at the address stated at the very beginning of this CONTRACT exclusively to the ultimate consumer. MGI Engineering 3 February 2006

-4- 3.4.6 The APPROVED RETAILER shall not sell LACOSTE WATCHES by mail order or by internet, unless the APPROVED RETAILER has received a prior written authorisation from the DISTRIBUTOR confirming that the selection objective criteria set up for these kind of sale are satisfied. 3.4.7 The APPROVED RETAILER shall be free to fix its resale prices according to the laws and regulations in force. The breakdown of the recommended prices that may be communicated to the APPROVED RETAILER by the DISTRIBUTOR are only indicative. 3.5 Advertising and promotional activities of the APPROVED RETAILER Should the APPROVED RETAILER wish to carry out advertising and promotional activities of any sort itself, it shall obtain the prior written approval of the DISTRIBUTOR on the content and means of such activities with the exception of price. In any event, the APPROVED RETAILER shall in such advertising and promotional activities: - use exclusively the visual designs, lettering, emblems and logos approved by the DISTRIBUTOR; - ensure that the standing and image of the Lacoste trademarks but also personal reputation of Mr. Rene Lacoste and his family are protected. ARTICLE 4 - PROTECTION OF LACOSTE INTELLECTUAL PROPERTY RIGHTS The APPROVED RETAILER acknowledges that the LACOSTE TRADEMARKS and models of the LACOSTE WATCHES are the exclusive property of the LACOSTE GROUP and undertakes to strictly respect the intellectual property rights of the latter. Consequently, it expressly undertakes not to use the LACOSTE TRADEMARKS other than solely for purposes of performing its obligations under this CONTRACT. Under no circumstances shall the APPROVED RETAILER use the Lacoste trademarks as a business name, company name, shop sign or any other use or print them on the commercial documents of its business. In addition, the APPROVED RETAILER undertakes to immediately notify the DISTRIBUTOR of any act by a third party of which it may have knowledge and which is likely to constitute a counterfeit or an imitation of the Lacoste trademarks or models of the LACOSTE WATCHES. ARTICLE 5 - DURATION The CONTRACT shall come into force on \_\_\_\_\_ and shall end on (one year after) \_\_\_\_\_, unless sooner terminated in accordance with the conditions set out in the present CONTRACT or by mutual consent of parties. It shall be automatically renewed for successive renewal periods of one (1) year each unless either party notifies the other at the latest three (3) months before the expiration of the initial period or of any subsequent renewal period(s). MGI Engineering 4 February 2006

-5- ARTICLE 6 - TERMINATION 6.1 Without prejudice of what is elsewhere provided in the CONTRACT, the DISTRIBUTOR shall be entitled to terminate the CONTRACT at any time without having to pay indemnity of any nature to the APPROVED RETAILER: 6.1.1 If the POINT OF SALE no longer satisfies the SELECTION CRITERIA, in which event the CONTRACT shall end six (6) months after notice thereof by the DISTRIBUTOR to the APPROVED RETAILER. 6.1.2 In the event that the APPROVED RETAILER fails to comply with any of its other obligations thirty (30) days after notice thereof by Distributor and no remedy of the breach having been effected. This delay of thirty (30) days is reduced to fifteen (15) in case of payment default. 6.1.3 Without notice, in case of termination or non-renewal of (a) the master licence agreement between LICENSEE and LACOSTE GROUP, or (b) of the DISTRIBUTION AGREEMENT, regardless of cause. 6.1.4 Without having to give prior notice should (a) the legal form of the APPROVED RETAILER be modified, (b) the business or part of the business be sold, (c) the business be leased, hired, purchased, contributed to another business or APPROVED RETAILER, pledged or subject to a management contract, (d) the APPROVED RETAILER be dissolved, (e) the business be discontinued or the POINT OF SALE of the APPROVED RETAILER be closed during a period greater than two (2) months; or 6.1.5 Without prior notice, in the event of the APPROVED RETAILER's voluntary or compulsory liquidation, bankruptcy, legal settlement or placement of a receiving order or in any equivalent situation. The APPROVED RETAILER shall inform the DISTRIBUTOR if one of the events covered by Articles 6.1.4 and 6.1.5 occur as soon as the event occurs, the DISTRIBUTOR being the sole party to decide on its continuance of the CONTRACT. 6.1.6 Notwithstanding anything to the contrary contained herein, with full and immediate effect: - in the event the APPROVED RETAILER fails to comply with Articles 3.2.2 or 3.4.5 of the CONTRACT; - within the European economic Area (i.e. European Union + Iceland, Liechtenstein, and Norway), if the APPROVED RETAILER either purchases or resells LACOSTE WATCHES outside from the selective distribution set up for LACOSTE WATCHES; - if the APPROVED RETAILER is involved in the manufacturing and/or sale of counterfeits. MGI Engineering 5 February 2006

-6- 6.2 In the case of termination or non-renewal, for whatever reason, of the DISTRIBUTION AGREEMENT this CONTRACT shall likewise terminate within the same time limits, and the APPROVED RETAILER shall be informed within a reasonable period. The LACOSTE GROUP may nevertheless decide at its sole option to assign the CONTRACT to the new Lacoste exclusive distributor in charge of the distribution of LACOSTE WATCHES in the TERRITORY. ARTICLE 7 - SITUATION OF THE PARTIES IN THE EVENT OF TERMINATION OR NON-RENEWAL OF THE CONTRACT In the event of non-renewal or termination of this CONTRACT, the DISTRIBUTOR shall have the right, at its own discretion: - to repurchase or to have a third party it may appoint repurchase immediately, all or part of the stock of LACOSTE WATCHES of the APPROVED RETAILER at the price paid by the APPROVED RETAILER after deduction of depreciation of the LACOSTE WATCHES, and/or, - to grant the APPROVED RETAILER a period of up to three (3) months to sell such stock. At the end of the said period of three months the APPROVED RETAILER shall not be entitled to resell the stock, except with the approval of the DISTRIBUTOR. The APPROVED RETAILER shall return to the DISTRIBUTOR all elements bearing the Lacoste trademarks, if need be, furniture and the sticker "Approved Lacoste Watches Retailer" including, without limitation, all POS material. Nevertheless, it may retain the furniture provided that all references to Lacoste and to Lacoste trademarks are removed. In addition, the termination or the non-renewal of the CONTRACT shall entail the immediate cancellation of all pending orders. It is expressly agreed between the parties that under no circumstances whatsoever will the end, termination or non-renewal of the CONTRACT provide the APPROVED RETAILER with the benefit of any right of indemnity of whatever nature, regardless of the cause of or reason for the end, non-renewal or termination, the revenue that the APPROVED RETAILER derived from the sales of the LACOSTE WATCHES during the application of the CONTRACT having fully defrayed all risks, costs and expenses incurred by the APPROVED RETAILER during its performance throughout the duration of the CONTRACT. ARTICLE 8 - LIABILITY APPROVED RETAILER shall, at its own cost and expense, keep and maintain in full force and effect for the duration of this CONTRACT, a policy of commercial general liability insurance insuring APPROVED RETAILER's activities with respect to the POINT OF SALE against loss, damage or liability for personal injury or death or loss or damage to property with limits not less than those customarily maintained by similar retail operations in the TERRITORY. APPROVED RETAILER shall inform DISTRIBUTOR of the terms of said insurance upon request from time to time. APPROVED RETAILER hereby releases DISTRIBUTOR, LICENSEE, the LACOSTE GROUP and each of their respective affiliates from liability, and waives all right of recovery against each of them, for any injury, loss or damage, whether due MGI Engineering 6 February

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-7- to negligence or any other cause, if such injury, loss or damage is caused by any of the perils which are covered by the foregoing insurance policy or are required to be covered by such insurance pursuant to this CONTRACT. ARTICLE 9 - APPLICABLE LAW / JURISDICTION The CONTRACT is governed by the law of the TERRITORY. The Court of (to be completed) shall have the exclusive jurisdiction on any litigation resulting from the interpretation or execution of this CONTRACT. ARTICLE 10 - NOTICES Any notices required in accordance with any of the provisions hereof shall be in writing and delivered or mailed by registered mail, or by an internationally recognized overnight courier service (e.g., Federal Express), to the address of the parties set forth on the first page hereof. ARTICLE 11 - GENERAL TERMS AND CONDITIONS 11.1 Neither party hereto shall be liable for any delay or failure in fulfilling the obligations hereunder (except for the payment of money) when such delay or failure is caused by riots, war (declared or not), or hostilities between any nations; acts of God, fire, storm, flood or earthquake; strikes, labor disputes, shortage or delay of carriers, or shortage of raw materials, labor power or other utility services; any governmental restrictions; or any other unforeseeable contingencies beyond the control of the party. 11.2 In view of the fact that this CONTRACT has been entered into because of the confidence that Distributor has in APPROVED RETAILER, it is understood that the terms and conditions hereof shall be performed by APPROVED RETAILER from the POINT OF SALE only and that this Agreement may not be assigned, whether by operation of law or otherwise, without the prior written approval of DISTRIBUTOR which DISTRIBUTOR may withhold or grant in its sole and absolute discretion and any such purported assignment by APPROVED RETAILER without such approval by DISTRIBUTOR shall be void and of no effect. 11.3 When interpreting the terms and conditions of this CONTRACT, the English language shall be applied exclusively. 11.4 This CONTRACT, including the terms and conditions incorporated by reference, constitutes the entire agreement of the parties with respect to the subject matter hereof and prevails over and supersedes all prior agreements, whether written or oral, relating to the subject matter hereof and may not be altered, waived, modified, or discharged except by an express writing referring to this CONTRACT signed on behalf of the parties hereto by their duly authorized representatives. 11.5 The failure of either party hereto to enforce at any time any of the provisions or terms of this CONTRACT, or any rights in respect thereof, or the exercise of or failure to exercise by either party any rights or any of its elections herein provided, shall in no way MGI Engineering 7  
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-8- be considered to be a waiver of such provisions, terms, rights or elections or in any way to affect the validity of this CONTRACT. 11.6 Should any provision of this CONTRACT held invalid, incomplete or unenforceable, this will not affect the validity of the remaining provisions. The parties shall replace the invalid incomplete or unenforceable provision by provision which comes closest to the commercial goal that the parties intended to achieve on the conclusion of this agreement by the invalid, uncompleted and unenforceable provision. Notwithstanding anything to the contrary contained herein, in the event of any conflict or inconsistency between any term or provision of this CONTRACT and the DISTRIBUTION AGREEMENT, the latter shall control. Executed in two original copies at \_\_\_\_\_ on \_\_\_\_\_ THE DISTRIBUTOR THE APPROVED RETAILER ----- MGI  
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SCHEDULE XIII LACOSTE WATCHES GENERAL CONDITIONS OF DISTRIBUTION LACOSTE WATCHES GENERAL CONDITIONS OF DISTRIBUTION I/ The Lacoste Group (designating jointly Lacoste S.A., Sporloisirs S.A., Lacoste Alligator S.A.), wants to: (i) preserve the image of Lacoste trademarks worldwide, the models and Lacoste products sold under Lacoste trademarks (hereinafter referred to as the "LACOSTE TRADEMARKS"); (ii) prevent counterfeiting of the LACOSTE TRADEMARKS in the interest of consumers; and (iii) offer to its consumers an adequate setting and good quality service for Lacoste watches (hereinafter referred to as the "LACOSTE WATCHES") (together with all other goods sold under the LACOSTE TRADEMARKS, hereinafter to as "LACOSTE PRODUCTS"). For these reasons, the Lacoste Group has decided that LACOSTE WATCHES, as with the LACOSTE PRODUCTS, shall be sold worldwide through a selective distribution system. The Lacoste Group has also appointed MGI Luxury Group S.A. as its exclusive worldwide licensee for the creation, development, manufacture, distribution, marketing, merchandising, advertising, promotion and sale of LACOSTE WATCHES (hereinafter referred to as the "LICENSEE"). The Lacoste Group and LICENSEE require that LACOSTE WATCHES be distributed only through selected retailers. In order to become an approved Lacoste Watches retailer (hereinafter referred to as the "APPROVED RETAILER") within the Lacoste selective distribution network set up for the LACOSTE WATCHES, a retailer shall meet the standards of performance as detailed below for Lacoste watches selection criteria (hereinafter referred to as the "SELECTION CRITERIA"). The trade name of the point of sale or of the department store, or of the space in which the point of sale or the watches department or the point of sale is located, must always reflect the prestige of the Lacoste brand. Consequently, the shop sign must be compatible with the principles which govern the distribution of the LACOSTE WATCHES, which are luxury and high quality products. Thus, the Lacoste brand shall not be sold by retail outlets under trade names whose image is associated with an absence of or limited customer service, prestige or sophisticated in-store design. No signage at the point of sale may include terms or logos which reasonably might depreciate the image of the Lacoste brand or the LACOSTE WATCHES.

a) The location and environment of the point of sale (type and category of the building, location in the town in question, type of shops in the neighbourhood) shall remain at all times compatible with Lacoste brand image. The sale area shall be sufficient to permit the presentation of the LACOSTE WATCHES in a sufficient shopping space without disproportion with the other brands offered for sale and allowing to distinguish them. The frontage shall be made of materials of good quality, well maintained and attractive. MGI Engineering 10 February 2006



b) The shop sign shall be well maintained and attractive. The window dressing shall be of good quality and sophisticated. The lighting shall be sufficient and sophisticated. c) The type, brand and nature of the products sold in the outlet shall be compatible with Lacoste brand image. d) The sale personnel shall be well qualified. e) The financial capabilities and solvency guarantees shall be good. II/

APPLICATION PROCEDURE TO OPEN AN ACCOUNT a) Any application (hereinafter referred to as the "APPLICATION") to open an account to become an approved retailer for the sale of LACOSTE WATCHES shall be made in writing to the authorized wholesale distributor of LACOSTE WATCHES in the country where the prospective point of sale is located (hereinafter referred to as the "DISTRIBUTOR"). The DISTRIBUTOR shall promptly send the completed APPLICATION to LICENSEE. b) Within a maximum delay of four months as from the receipt of the APPLICATION, the LICENSEE shall evaluate the point of sale in order to determine if the point of sale, subject to the APPLICATION, and its sales personnel satisfy the SELECTION CRITERIA. c) Following this evaluation : (i) if the point of sale and staff do not satisfy the SELECTION CRITERIA, the LICENSEE shall notify the DISTRIBUTOR which shall so inform the applicant in writing and shall list in writing the elements which do not satisfy the SELECTION CRITERIA. Consequently, the DISTRIBUTOR shall turn down the APPLICATION; (ii) if the point of sale and staff satisfy the SELECTION CRITERIA, the LICENSEE shall notify the DISTRIBUTOR which shall so inform the applicant in writing and provide the applicant (which shall then be deemed an APPROVED RETAILER) with a Lacoste Watches Approved Retailer contract. III/ SATISFACTION OF SELECTION CRITERIA The DISTRIBUTOR shall check, through an evaluation, that the APPROVED RETAILER and its sales personnel continue to satisfy the SELECTION CRITERIA. If as a result of such evaluation the APPROVED RETAILER and its sale personnel continue to satisfy the SELECTION CRITERIA, the DISTRIBUTOR shall inform the APPROVED RETAILER and LICENSEE in writing. If as a result of such evaluation, the APPROVED RETAILER or its sales personnel no longer appear to satisfy the SELECTION CRITERIA, the DISTRIBUTOR shall notify LICENSEE in writing which shall review such evaluation and, after consultation with DISTRIBUTOR, determine whether the MGI Engineering

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APPROVED RETAILER continues to satisfy the SELECTION CRITERIA. If, after such review, LICENSEE determines that the APPROVED RETAILER no longer satisfies the SELECTION CRITERIA, it shall so notify DISTRIBUTOR which: - shall inform the APPROVED RETAILER in writing and shall list the elements which do not satisfy the SELECTION CRITERIA; - shall also ask the APPROVED RETAILER to take the appropriate measures so that the SELECTION CRITERIA be satisfied, within a delay of six (6) months as from the date of receipt of the above mentioned letter. At the end of the of six month delay, a new evaluation shall be carried out by the DISTRIBUTOR and forwarded to LICENSEE for review, and after this new evaluation and review: (i) either LICENSEE shall determine that the SELECTION CRITERIA are satisfied and so inform the DISTRIBUTOR which shall inform the APPROVED RETAILER in writing accordingly; (ii) or LICENSEE shall determine that the SELECTION CRITERIA are still not satisfied and so inform the DISTRIBUTOR which shall inform the APPROVED RETAILER in writing and shall list the elements which still do not satisfy the SELECTION CRITERIA. In such a case the DISTRIBUTOR shall, upon instruction from LICENSEE, terminate the Lacoste watches approved retailer contract signed with the APPROVED RETAILER (hereinafter referred to as the "CONTRACT") within the conditions set out in article 6.1.1 of the Lacoste watches approved retailer contract. Nevertheless, if the APPROVED RETAILER has started repairs or demonstrates that it decided to do so, the DISTRIBUTOR may then grant another delay of six (6) months. At the end of this delay, a new evaluation shall be carried out within the same conditions as the one described above in (i) and in the first two sentences of (ii). MGI Engineering 12 February 2006

SCHEDULE XIV \* \* CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC PURSUANT TO RULE 24b-2 OF THE 1934 ACT. MGI Engineering 13 February 2006

SCHEDULE XV \* \* \* CONFIDENTIAL PORTION OF THIS EXHIBIT OMITTED AND FILED SEPARATELY WITH THE SEC  
PURSUANT TO RULE 24b-2 OF THE 1934 ACT. MGI Engineering 14 February 2006

SCHEDULE XVI RULES FOR THE CALCULATION OF THE PRESENTATION SURFACES METHODOLOGY The PRESENTATION SURFACE represents, within the SALES SURFACE, the total surface effectively used for the presentation and the sale of products on the furniture (fixed to the walls or free-standing) or displays, excluding the cash counter, the shop windows, the fitting rooms, the areas used for customers traffic, the security issues.

The PRESENTATION SURFACE is calculated by adding the surfaces of each part of the furniture (as an example : surface of a shelf of a piece of furniture fixed to the walls, free-standing furniture in whole or in part, etc.) divided by the set number of elements ("ratio") that can be placed atop of one another allowing the presentation or the sale of the Lacoste products within the LACOSTE BOUTIQUE or the LACOSTE CORNER. The attached schedules list the main pieces of furniture, according to the different generations of the Lacoste furniture (1999, 2000 and 2002), including the furniture specific to the OTHER LACOSTE PRODUCTS and the LACOSTE WATCHES. This schedule gives the values in sq. m. of each piece of furniture and therefore allows the calculation of the total PRESENTATION SURFACE. Any new piece of furniture, or any new generation of furniture, shall be included in a supplementary schedule established under the same principles. Therefore, in a LACOSTE BOUTIQUE or in a LACOSTE CORNER, a simple counting of the elements according to this schedule shall allow all interested persons to calculate : - the total PRESENTATION SURFACE - the PRESENTATION SURFACE of the LACOSTE APPAREL PRODUCTS - the PRESENTATION SURFACE of the LACOSTE WATCHES and of the OTHER LACOSTE PRODUCTS - the percentage of the PRESENTATION SURFACE of the LACOSTE WATCHES and of the OTHER LACOSTE PRODUCTS / the total PRESENTATION SURFACE. MGI

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GRILLE DE CALCUL DES SURFACES DE PRESENTATION DANS LES BOUTIQUES ET CORNERS LACOSTE STANDARD MOBILIER :  
LACOSTE 2000 [ ] LACOSTE 1999 [ ] ADRESSE : SUPERFICIE (\*) COMMERCIALE (\*\*): D G K O P Q TOTAL SURFACE  
DONT, APL CALCUL SURFACES PRESENTATION (\*\*\*) UNITAIRES (S/U) REF. MOBILIER DESCRIPTION S/U (\*\*\*\*) UNITES

TOTAL UNITES TOTAL largeur profondeur ratio PRESENTOIRS MURAUX 2000 MOHMUR 101 MURAL 1000 MM 0\*P/Q m2  
G\*D m2 D\*K m2 1.000 0.350 1.0 MOHMUR 102 MURAL 500 MM 0.175 m2 0.000 m2 0.000 m2 0.500 0.350 1.0 dont  
etageres 1000 mm APL 0\*P/Q m2 D\*K m2 1.000 0.350 6.0 dont etageres 500 mm APL 0.029 m2 0.000 m2 0.500  
0.350 6.0 MOHACC 441 dont presentoirs ceintures 500 mm 0.088 m2 0.000 m2 0.500 0.350 2.0 MOHMUR 11x &  
12x TOTEMS ET EPIS 0.285 m2 0.000 m2 0.000 m2 0.475 0.600 1.0 dont etageres APL 0.095 m2 0.000 m2 0.475  
0.600 3.0 PRESENTOIRS CENTRAUX 2000 MOHCEN 034 CENTRAL DOUBLE FACE 1200 MM 0.840 m2 0.000 m2 0.000 m2  
1.200 0.350 0.5 MOHCEN 341 CENTRAL DOUBLE FACE 686 MM 0.480 m2 0.000 m2 0.000 m2 0.686 0.350 0.5 dont  
etageres APL 0.053 m2 0.000 m2 0.600 0.350 4.0 MOHACC 441 dont presentoirs ceintures 500 mm 0.088 m2  
0.000 m2 0.500 0.350 2.0 MOHVIT 31x VITRINE VERRE 0.600 m2 0.000 m2 0.000 m2 1.000 0.600 1.0 dont  
etageres APL 0.200 m2 0.000 m2 1.000 0.600 3.0 MOHVIT 513 VITRINE RONDE 0.720 m2 0.000 m2 0.000 m2 1.200  
0.600 1.0 dont etageres APL 0.240 m2 0.000 m2 1.200 0.600 3.0 MOHTAB 317 TABLE BOIS 2000 MM 1.820 m2  
0.000 m2 0.000 m2 2.000 0.910 1.0 MOHTAB 35x & 36x TABLE GIGOGNE 980 MM 0.588 m2 0.000 m2 0.000 m2 0.980  
0.600 1.0 MOHTAB 353 TABLE GIGOGNE 760 MM 0.456 m2 0.000 m2 0.000 m2 0.760 0.600 1.0 DIVERS (calcule) m2  
m2 m2 DIVERS (calcule) m2 m2 m2 PRESENTOIRS MURAUX 1999 MSMXX xxx MURAL 0.269 m2 0.000 m2 0.000 m2 0.791  
0.340 1.0 dont etageres APL 0.038 m2 0.000 m2 0.791 0.340 7.0 MCPTOT xxx TOTEMS 0.104 m2 0.000 m2 0.000  
m2 0.294 0.355 1.0 PRESENTOIRS CENTRAUX 1999 MSCENT 001 CENTRAL DOUBLE FACE 1200 MM 0.538 m2 0.000 m2  
0.000 m2 0.791 0.340 0.5 MSCENT 002 CENTRAL DOUBLE FACE 2000 MM 1.076 m2 0.000 m2 0.000 m2 1.582 0.340  
0.5 dont etageres APL 0.067 m2 0.000 m2 0.791 0.340 4.0 MOHVIT 090 VITRINE VERRE 1000 MM 0.600 m2 0.000  
m2 0.000 m2 1.000 0.600 1.0 dont etageres APL 0.200 m2 0.000 m2 1.000 0.600 3.0 MOHVIT 150 VITRINE VERRE  
1500 MM 0.900 m2 0.000 m2 0.000 m2 1.500 0.600 1.0 dont etageres APL 0.300 m2 0.000 m2 1.500 0.600 3.0  
MCOTAB BAS TABLE SUR SOCLE PT FORMAT 0.600 m2 0.000 m2 0.000 m2 1.200 0.500 1.0 MCOTAB DEB TABLE SUR  
SOCLE GD FORMAT 0.984 m2 0.000 m2 0.000 m2 1.200 0.820 1.0 MCOTAB GRA TABLE SUR SOCLE EXTRA LONG 1.820  
m2 0.000 m2 0.000 m2 2.000 0.910 1.0 MFVIT 2PL TABLE VERRE 1500 MM 0.900 m2 0.000 m2 0.000 m2 1.500  
0.600 1.0 dont etageres APL 0.450 m2 0.000 m2 1.500 0.600 2.0 MFVIT 090 VITRINE RONDE 0.720 m2 0.000 m2  
0.000 m2 1.200 0.600 1.0 dont etageres APL 0.240 m2 0.000 m2 1.200 0.600 3.0 DIVERS (calcule) m2 m2 m2  
DIVERS (calcule) m2 m2 m2 PRESENTOIRS SPECIFIQUES APL CHAUSSURES FREE STANDING totem 0.175 m2 0.000 m2  
0.000 m2 0.350 0.500 1.0 CEINTURES PRESENTOIR de comptoir 0.060 m2 0.000 m2 0.000 m2 0.300 0.200 1.0  
MONTRES PRESENTOIR de comptoir 0.040 m2 0.000 m2 0.000 m2 0.200 0.200 1.0 PRESENTOIR tour 0.090 m2 0.000  
m2 0.000 m2 0.300 0.300 1.0 LUNETTES PRESENTOIR de comptoir 0.015 m2 0.000 m2 0.000 m2 0.100 0.150 1.0  
PRESENTOIR tour 0.090 m2 0.000 m2 0.000 m2 0.300 0.300 1.0 DIVERS APL DIVERS (calcule) m2 m2 m2 DIVERS  
(calcule) m2 m2 m2 SURFACE DE PRESENTATION TOTALE 0.000 m2 SURFACE DE PRESENTATION APL 0.000 m2 SURFACE  
DE PRESENTATION VETEMENTS 0.000 m2 % SURFACE APL / SURFACE TOTALE #DIV/0!% \* La methode de calcul dite  
"G.L.A." (Gross Lease Area) sera utilisee pour les nouvelles implantations, les extensions, les  
deplacement et en cas de remodeling \*\* Ne sont comptabilises que les espaces destines au public (zone de  
vente, vitrine de devanture, cabine d'essayages, sorties de secours, cabinets d'aisance destines au  
public, etc.), ne sont pas comptabilisees les surfaces des locaux annexes (reserves, bureaux, locaux  
sociaux, locaux techniques, etc.) \*\*\* Hors vitrines de devanture, cabines d'essayages, caisses, issues  
de secours et espaces de circulation. Ne sont comptabilises que les elements de presentation des  
produits. \*\*\*\* Surface Unitaire MGI Engineering 16 February 2006

GRILLE DE CALCUL DES SURFACES DE PRESENTATION DANS LES BOUTIQUES ET CORNERS LACOSTE STANDARD MOBILIER:  
LACOSTE 2002 ADRESSE: SUPERFICIE (\*) COMMERCIALE (\*\*): m2 D G K O P Q TOTAL SURFACE CALCUL SURFACES  
PRESENTATION (\*\*\*) DONT, APL UNITAIRES (S/U) REF. MOBILIER ACCESS DESCRIPTION S/U (\*\*\*\*) UNITES TOTAL  
UNITES TOTAL LARGEUR PROFONDEUR RATIO CASIERS MURAUX 2002 NCL 100 MURAL SMALL (344 MM) O\*P/Q m2 G\*D m2  
D\*K m2 0.256 0.460 1.0 NCL 101 MURAL MEDIUM (884 MM) 0.366 m2 0.000 m2 0.000 m2 0.796 0.460 1.0 NCL 102  
MURAL LARGE (1684 MM) 0.732 m2 0.000 m2 0.000 m2 1.592 0.460 1.0 NCL 401 dont etageres petite largeur  
APL (256 mm) O\*P/Q m2 D\*K m2 0.256 0.460 6.0 NCL 402 dont etageres moyenne largeur APL (540 mm) 0.041 m2  
0.000 m2 0.540 0.460 6.0 NCL 403 dont etageres grande largeur APL (796 mm) 0.061 m2 0.000 m2 0.796 0.460  
6.0 NCL 140 MURAL SMALL (344 MM) FAIBLE PROFONDEUR 0.087 m2 0.000 m2 0.000 m2 0.256 0.340 1.0 NCL 141  
MURAL MEDIUM (884 MM) FAIBLE PROFONDEUR 0.271 m2 0.000 m2 0.000 m2 0.796 0.340 1.0 NCL 142 MURAL LARGE  
(1684 MM) FAIBLE PROFONDEUR 0.541 m2 0.000 m2 0.000 m2 1.592 0.340 1.0 NCL 404 dont etageres COURTE  
petite largeur APL (256 mm) 0.015 m2 0.000 m2 0.256 0.340 6.0 NCL 405 dont etageres COURTE moyenne  
largeur APL (540 mm) 0.031 m2 0.000 m2 0.540 0.340 6.0 NCL 406 dont etageres COURTE grande largeur APL  
(796 mm) 0.045 m2 0.000 m2 0.796 0.340 6.0 NCL 110 MURAL MEDIUM ACCESSOIRES 0.144 m2 0.000 m2 0.000 m2  
0.720 0.200 1.0 dont window APL 0.036 m2 0.000 m2 0.720 0.200 4.0 NCL 120 MURAL MEDIUM WINDOWS 0.115 m2  
0.000 m2 0.000 m2 0.660 0.174 1.0 dont window APL 0.057 m2 0.000 m2 0.660 0.174 2.0 PRESENTOIRS CENTRAUX  
2002 NCL 311 / 312 CENTRAL C 0.248 m2 0.000 m2 0.000 m2 0.460 0.540 1.0 dont vitrine cloche APL 0.062 m2  
0.000 m2 0.460 0.540 4.0 face ceinture 0.054 m2 0.000 m2 0.000 m2 0.100 0.540 1.0 NCL 315 CENTRAL S  
0.248 m2 0.000 m2 0.000 m2 0.460 0.540 1.0 dont vitrine cloche APL 0.062 m2 0.000 m2 0.460 0.540 4.0  
dont etagere APL 0.000 m2 0.460 0.540 4.0 NCL 321 TABLE 1700 MM 1.190 m2 0.000 m2 0.000 m2 1.700 0.700  
1.0 NCL 323 TABLE 1500 MM 0.900 m2 0.000 m2 0.000 m2 1.500 0.600 1.0 NCL 325 TABLE 1200 MM 0.720 m2  
0.000 m2 0.000 m2 1.200 0.600 1.0 NCL 327 TABLE 1000 MM 0.600 m2 0.000 m2 0.000 m2 1.000 0.600 1.0 NCL  
330 / 331 TABLE GIGOGNE 1320 MM 0.792 m2 0.000 m2 0.000 m2 1.320 0.600 1.0 NCL 330 / 331 TABLE GIGOGNE  
1180 MM 0.671 m2 0.000 m2 0.000 m2 1.118 0.600 1.0 NCL 330 / 331 TABLE GIGOGNE 1040 MM 0.624 m2 0.000 m2  
0.000 m2 1.040 0.600 1.0 NCL 340 CENTRAL H 1800 MM 0.385 m2 0.000 m2 0.000 m2 0.550 0.350 0.5 dont  
etageres APL 0.032 m2 0.000 m2 0.550 0.350 6.0 NCL 341 CENTRAL H 1350 MM 0.385 m2 0.000 m2 0.000 m2  
0.550 0.350 0.5 dont etageres APL 0.039 m2 0.000 m2 0.550 0.350 5.0 NCL 350 PENDERIE DOUBLE FACE 0.845  
m2 0.000 m2 0.000 m2 1.520 0.556 1.0 dont penderie APL 0.423 m2 0.000 m2 0.000 m2 1.520 0.556 2.0 dont  
etageres APL 0.019 m2 0.000 m2 0.000 m2 0.550 0.350 10.0 NCL 353 PENDERIE SIMPLE FACE 0.514 m2 0.000 m2  
0.000 m2 0.924 0.556 1.0 dont penderie APL 0.257 m2 0.000 m2 0.000 m2 0.924 0.556 2.0 dont etageres APL  
0.039 m2 0.000 m2 0.000 m2 0.550 0.350 5.0 PRESENTOIR TAMBOURS 2.154 m2 0.000 m2 0.000 m2 3.1416 0.686  
1.0 MAT / T-BAR (\*\*\*\*) 0.157 m2 0.000 m2 0.000 m2 3.1416 0.050 1.0 DIVERS (calcule) m2 m2 m2 DIVERS  
(calcule) m2 m2 m2 PRESENTOIRS SPECIFIQUES APL NCL 360 TOTEM APL double face 0.214 m2 0.000 m2 0.000 m2  
0.420 0.510 1.0 CEINTURES FREE STANDING totem 0.129 m2 0.000 m2 0.000 m2 0.354 0.364 1.0 MONTRES  
PRESENTOIR de comptoir (\*\*\*\*) 0.040 m2 0.000 m2 0.000 m2 0.200 0.200 1.0 PRESENTOIR tour (\*\*\*\*) 0.090  
m2 0.000 m2 0.000 m2 0.300 0.300 1.0 LUNETTES PRESENTOIR de comptoir (\*\*\*\*) 0.015 m2 0.000 m2 0.000 m2  
0.100 0.150 1.0 PRESENTOIR tour (\*\*\*\*) 0.090 m2 0.000 m2 0.000 m2 0.300 0.300 1.0 PARAPLUIE PRESENTOIR  
tour (\*\*\*\*) 0.090 m2 0.000 m2 0.000 m2 0.300 0.300 1.0 PARFUMS PRESENTOIR de comptoir (\*\*\*\*) 0.015 m2  
0.000 m2 0.000 m2 0.100 0.150 1.0 PRESENTOIR tour (\*\*\*\*) 0.090 m2 0.000 m2 0.000 m2 0.300 0.300 1.0  
DIVERS APL DIVERS (calcule) m2 m2 m2 DIVERS (calcule) m2 m2 m2 SURFACE DE PRESENTATION TOTALE 0.000 m2  
SURFACE DE PRESENTATION APL 0.000 m2 SURFACE DE PRESENTATION VETEMENTS 0.000 m2 % SURFACE APL / SURFACE  
TOTALE #DIV/0! % \* La methode de calcul dite "G.L.A." (Gross Lease Area) sera utilisee pour les  
nouvelles implantations, les extensions, les deplacement et en cas de remodeling \*\* Ne sont  
comptabilises que les espaces destines au public (zone de vente, vitrine de devanture, cabine  
d'essayages, sorties de secours, cabinets d'aisance destines au public, etc.), ne sont pas  
comptabilisees les surfaces des locaux annexes (reserves, bureaux, locaux sociaux, locaux techniques,  
etc.) \*\*\* Hors vitrines de devanture, cabines d'essayages, caisses, issues de secours et espaces de  
circulation. Ne sont comptabilises que les elements de presentation des produits. \*\*\*\* Surface Unitaire  
\*\*\*\*\* En Cours de developpement MGI Engineering 17 February 2006

SCHEDULE XVII PROMOTION AND ADVERTISING XVII.A - PROMOTION Gift of products to and financial agreements with champions Event sponsorship XVII.B - ADVERTISING Press Television Cinema Billboards Miscellaneous (internet, radio, direct marketing, cooperative advertising, etc.) Rights purchases and agency fees Advertising material (PLV,catalogues, etc.) XVII.C - PRESS & PUBLIC RELATIONS Gift of products to VIP's Press relations Public relations Product placement MGI Engineering 18 February 2006



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## CERTIFICATIONS

I, Efraim Grinberg, certify that:

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

Date: June 9, 2006

/s/ Efraim Grinberg

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Efraim Grinberg  
President and Chief Executive Officer

## CERTIFICATIONS

I, Eugene J. Karpovich, certify that:

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

Date: June 9, 2006

/s/ Eugene J. Karpovich

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Eugene J. Karpovich  
Senior Vice President and  
Chief Financial Officer

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

In connection with the quarterly report on Form 10-Q of Movado Group, Inc. (the "Company") for the quarter ended April 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 9, 2006

/s/ Efraim Grinberg

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Efraim Grinberg  
President and  
Chief Executive Officer

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

In connection with the quarterly report on Form 10-Q of Movado Group, Inc. (the "Company") for the quarter ended April 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report") the undersigned hereby certifies, in the capacity indicated below and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 9, 2006

/s/ Eugene J. Karpovich

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Eugene J. Karpovich  
Senior Vice President and  
Chief Financial Officer